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PROBLEMS OF THE DOMESTIC TEXTILE INDUSTRY

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE UNITED STATES SENATE

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

A STUDY OF THE TEXTILE INDUSTRY OF THE UNITED STATES

FEBRUARY 6 AND 7, 1961

Printed for the use of the Committee on Interstate and Foreign Commerce

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PROBLEMS OF THE DOMESTIC TEXTILE INDUSTRY

MONDAY, FEBRUARY 6, 1961

U.S. SENATE,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
SPECIAL SUBCOMMITTEE ON PROBLEMS OF THE DOMESTIC
TEXTILE INDUSTRY,
Washington, D.C.

The subcommittee was called to order, pursuant to notice, at 10 a.m., in room 5110, New Senate Office Building, Hon. John O. Pastore presiding.

Senator PASTORE. We regret very much the slight delay this morning. I assure you it was because of the weather.

I have a very short introductory statement to make.

Two years ago—almost to the day—this subcommittee issued its first report, "Problems of the Domestic Textile Industry." That report was based upon extensive hearings, both in Washington and in a number of major textile-producing States. During those hearings, and in supplementary material which was inserted into the record, we were informed of trends in textile production, employment, prices, productivity, and in other indicators of conditions in the textile industry covering the period 1947 through 1957. One of the purposes of the present hearings is to bring the record up to date—through 1960 wherever possible.

After listening to the testimony of dozens of expert witnesses, and after careful study of the statistical analyses which had been made, this subcommittee issued a set of recommendations. A second—and perhaps the major—purpose of these hearings is to reexamine those recommendations in the light of what has happened during the past 3 years.

One of the findings of our first investigation was that certain Government policies had contributed, to some extent at least, to the decline in textile production and employment since the end of World War II. It will be our purpose once again to examine the impact of Government policies on this industry.

The first recommendation made by our subcommittee was that a permanent interagency committee be established within the Department of Commerce to deal exclusively with textile affairs. It was thought that this committee would keep both the Congress and appropriate executive departments informed of all new textile developments, and of their probable consequences. The committee was also supposed to provide liaison between the industry and Government agencies.

NOTE.—Staff director assigned to this hearing, Dr. William H. Miernyk.

To put it mildly, the performance of the interagency committee has been a disappointment. It has not performed the functions which were assigned to it.

It is our hope that witnesses before this subcommittee will deal specifically with the failure of the interagency committee to function as it was intended.

I will not detail all of the other recommendations which this subcommittee made. They are part of our original report. And anyone who wishes to refer to this report, even in the most casual way, will see that few of those recommendations have been acted upon.

I would like to point out that our recommendation for the collection and publication of improved statistical data has been at least partially implemented. And we hope for further improvement in this important area since textile management needs the best information it can possibly obtain if it is to make the difficult decisions which it faces virtually every day.

We have heard from many sources that the major problem facing the domestic textile industry continues to be the rising flood of imports—predominantly from low-wage countries.

In our initial report we did not recommend sweeping changes in our foreign trade program. We tried to be realistic. Our overall policy has been one of greater liberalization of trade. At the same time, we have been reassured repeatedly, this policy would not be pushed so far or so fast that specific industries would be injured.

There seems to be a basic contradiction here. We want freer trade with other nations, yet we do not want domestic industries to be harmed. Can we have it both ways? It seems to us that it is time for our Government to take a very firm stand on this issue. It will serve no useful purpose to hold repeated hearings—such as those as we are beginning today—only to discover afterward that the results have been largely ignored.

In dealing with the difficult area of international trade, it is important that we be extremely objective. We know that there have been job losses in textiles during the past few years. We know that a number of mills have been permanently liquidated.

It is our hope that the witnesses who will appear before us will be able to explain the reasons for further contraction in this industry. In our earlier report we pointed out that a number of forces have contributed to the contraction of textiles. These include—in addition to rising imports—greater productivity, improved durability of certain fabrics, and the substitution of nontextile products for cloth in various industrial and household uses. It would be very helpful to this subcommittee if some of the witnesses could make an estimate—and that is probably as much as we can hope for—of the importance of each of these causes to the continued decline of the domestic textile industry. Nothing will be gained if we exaggerate one cause at the expense of others. We want to see the total picture as objectively as possible.

The textile industry is highly cyclical. We are told that it is now in the contracting phase of a cycle. It is essential to keep this in mind when considering events of the past few years.

We would be interested in learning what the industry is doing to protect itself from periodic fluctuations in production and employment. We were often told during our earlier hearings that this is an "internal" problem; that the industry would solve it if protected from extreme outside pressures—notably the rise in imports. We hope to learn the extent to which the industry has been able to work toward a solution of this problem.

I cannot, of course, anticipate all the problems which will be discussed by our various witnesses. What I am suggesting as we go into these hearings is that we look again at the recommendations of our first report, and try to find out why so few of them have been acted upon. I am also suggesting that we view as clearly and as realistically as possible all of the factors contributing to the problems faced by this industry. In order to make appropriate recommendations with respect to public policy it is important that we see the problem in its entirety.

I want to add this supplement to what I have already said in my formal remarks, and this occurred to me since these remarks were written.

Yesterday afternoon I made it my particular concern to listen to the Secretary of Commerce, Mr. Hodges, on "Meet The Press." I don't want to make any comment on it at this time other than to say that the appearance pointed up quite graphically and quite vividly the dilemma that we are in, as we constantly talk about improving our international trade. I think sometimes we are looking at it through rose-colored glasses.

They mention the fact that in this country of ours we need between $70 and $80 billion in order to modernize our plant structure. We have talked about that in our report, and even that recommendation was wholly ignored by the Interagency Committee when it refuted practically every recommendation that we made.

I think that we have reached the time when we ought to stop talking and we ought to begin acting.

It is one thing to say that we must modernize our plant structure in the United States of America in order to meet the competition abroad, and then do precious little or nothing to accomplish what we are saying.

Another thing that I would like to know, as these hearings proceed—and I have said this a hundred times before—it is well enough for us to say that we sell so much and we buy so much, and what we sell is a few dollars more than what we are buying, but I think the time has come when we ought to find out more, of what are we buying from whom, and what are we selling to whom. I would hope that during the progress of these hearings some of the witnesses will bring up to date the percentage of our imports in textiles since our previous report was made 3 years ago; in contrast, vice versa, with the percentage of exports in textiles in the same 3 years.

In other words, what has been the trend of imports as to exports exclusively in the textile industry. In all these discussions that we listen to with regard to our international trade we are always dealing in generalities. And I have been saying time and time again that we need to be specific.

America does not have to become a protectionist nation. But surely, unless we protect our domestic industries, unless we take action to stop this trend of more than 5 million Americans now out of employment, I repeat what I have said a hundred times before, we will be killing the goose that laid the golden egg.

And with that statement we are ready for the first witness.

Senator THURMOND. I might say that Congressman Hemphill is a representative from the Fifth Congressional District of South Carolina. He is a very able Congressman. He took a trip overseas and made a report. I believe that is what he is going to put in the record now. In speaking as a Senator from his home State, I would like to say that we are delighted to have him before this committee.

STATEMENT OF HON. ROBERT W. HEMPHILL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

Mr. HEMPHILL. Thank you, Senator.

Mr. Chairman, let me thank you on behalf of the people of my State, and as my colleague, the Senator, has already done, for your interest in our problems and for your patience with our request.

I want to thank you personally and officially for what you are doing for our textile people and for your sympathy with our problem.

I ask permission here to file a report which I made to the chairman of my own committee as a result of a visit which I made to a textile plant in Kowloon, which is just across the harbor from Hong Kong, and to textile plants which I visited in the Osaka area in the country of Japan itself.

I would like to file this as a part of the record, hoping that my experience might be of some help and benefit to you in this wonderful work you are doing, and the members of your committee, for which I thank you.

Senator PASTORE. Thank you very much, Congressman.

(The document referred to follows:)

HOUSE OF REPRESENTATIVES,
Washington, D.C., January 10, 1961.

Re Chinese and Japanese textiles,

Hon. OREN HARRIS,
Chairman, Committee on Interstate and Foreign Commerce,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: As I previously reported to you, on the trip which I took, along with Mr. O'Brien, of the committee, seeking information relative to certain matters before the committee, I took occasion to investigate Chinese and Japanese textile situations, seeking firsthand knowledge of the methods and ambitions of our competitors. Since our committee has jurisdiction over foreign commerce, which it has never fully explored, I felt that my visit might be of value to the committee, and that, in the future, since the Department of Commerce has jurisdiction over many of the problems involved in the import of textiles, that our committee might well be advised on the subject.

On November 29, 1960, while in Hong Kong, I visited the South Sea Textile Manufacturing Co., Ltd., located about 9 miles north of Kowloon, in the British Crown Colony we call Hong Kong. This was a modern, up-to-date textile plant, located on one of the larger highways, and having dock facilities to facilitate the shipment by water. We were escorted through the plant by Mr. Ging-Shan Lock, part owner and manager, formerly of Shanghai, but who had left Shanghai

in 1948 for obvious reasons. Mr. Lock was very gracious to us and gave us a very thorough tour of the plant.

We discussed wages at some length. In the textile plants of the United States, the average pay is better than the $1.25 minimum which is a subject of controversy, on our legislative scene today. The pay in Hong Kong is about the same per day as we pay per hour. In addition, there is no withholding tax, no social security, and no medical plans such as we think of. The plant did have first-aid facilities, but the employees are not charged anything for these medical facilities. They were able to get medical care at reasonable cost at a nearby hospital, but as far as we could find out, the plant assumed no obligation for these medical facilities.

We visited each part of the installation from the receiving department where the raw cotton came in, all the way to the shipping department where the finished goods were being packaged for export. This company was established in 1948, and had a factory area of 754,992 square feet. The installed capacity was 34,900 ring spindles, 2,744 ring doublers, and 624 automatic looms. To replace some of the automatic looms, or in addition, there were stacked in one of the areas ordinarily used for playground facilities, some of the most modern American looms, made by Draper, a great name in textile machinery in the States. The production of the establishment was carded grey weaving and knitting cotton yarns, 10's to 42's single and double, supercombed up to 60's; grey loomstate cloths, sheetings, drills, jeans, poplins, haircords, etc., up to 54 inches in width.

The output was 1,350,000 pounds of yarn, 20/1, and 2 million square yards of sheetings per month. They used about 1,500,000 pounds of raw cotton per month, which is roughly 3,000 bales per month, or 36,000 bales per year, and I assume much of it is American cotton sold to them at the knock-down price we give to people oversea who are competing with us. The trademarks used were "Flying Fish," "Goddess of Mercy," and "Squirrel," and the principle markets were stated to be local, Siam, Burma, Philippines, Indonesia, Vietnam, South Korea, Pakistan, South and Central Africa, Australia, Canada and the United Kingdom. The United States was not listed as one of the markets.

While the United States was not listed as one of the markets, it is only reasonable to point out that some of the markets which are now the markets of this manufacturing company were formerly the markets of the United States.

The plant employed 1,300 males and 500 female workers and ran three shifts of 8 hours per shift.

The welfare services included free dormitory and subsidized meals for all workers, infirmary, cooperative stores, library, playing fields, swimming pool, accident insurance under workmen's compensation scheme and vocational training programs for apprentices and junior operatives.

The machinery was modern, and we were conducted to a research department in which people were busy, both in research and training for research, and a standards department in which the twine was carefully examined to make sure that it not only met specifications but can meet competition.

While in Hong Kong, I asked an assistant at the consulate to purchase some textiles made in Red China for me. These textiles were purchased, and are being furnished to me, as soon as they have cleared Treasury roadblocks, and I intend to send them down to some of the larger textile people so that their research and standards departments can look into the quality of the cloth and make such observations as they may determine may be beneficial for the advices of our committee and/or others who may be interested. I only bought patches, as none of it is to be manufactured into finished garments when it comes to the United States, and my purpose was to bring back some of the goods in order that my people might look into them and see just what the competition is from that part of the world.

I enclose as part of this report a picture which I took with my camera. This picture is of the advertisement of the American President Lines, on one of the main streets in Hong Kong, and I took the picture without the benefit of a flash attachment, with a Pony–135 camera, so it is not the best photography, but it shows up the situation. It shows the raw cotton going from the United States to Hong Kong. It shows them being manufactured in Hong Kong into finished goods and being shipped back to the United States via American President Lines, so that our own cotton is coming back in—having been processed at a cost much less than our processing costs in this country, and the original cost

of the cotton being 8 cents per pound less on the American dollar. Of course, we must assume it cost them about 2 cents per pound to get the cotton to Hong Kong, but we still have a 6 cents per pound differential, and, as I have pointed out above, the pay differential of $7 to $10 per week pay to the workers, as compared to our $60 to $80 per week pay in the United States, certainly would have a bearing on cost ascertainment, and it is easy to see that the cost of the goods is much less, and that they can be put into the United States in direct and dangerous competition with our textiles.

While in Hong Kong, I was beset on the street by various supposed tailors asking me to let them make me a suit of clothes. I stopped long enough to talk and asked some of them how they could make the goods so cheaply, and they told me that they could get cloth and make the goods cheaper than I could buy the cloth in the United States. If this be true, and I believe it is, it must follow that, as soon as they can get their production running efficiently, they can compete with our textiles not only in other parts of the world, but in our own country. The situation, therefore, demands our immediate concern and our early attention.

Later, on Friday, December 2, 1960, I visited Osaka to see firsthand the textile plants there. I was met by Consul Lynn H. Olson and was briefed on the textile industry en route from the airport to Osaka. We met Consul General Robert P. Chalker at the Osaka office of the consulate general and was accompanied by him, Vice Consul C. Edward Dillery and FSL Shinshi Kondo on inspections of the Dai Nippon Kaizuka Spinning Mill in Daizuka, south of Osaka, and the Kanebo finishing plant in the city.

In the briefing on the textile industry, I was informed that the textile industry had been one of the most important in Japan, but for several years had made very little advance and was losing ground to other lighter manufacturing and heavy industries; that the headquarters of the industry is in Osaka, a city of some 3 million population, but that the mills are scattered all over the country with a concentration of the newest, most modern mills in the Nagoya area, and specialty industries such as gingham around Nishiwaki, velveteen in the Hamamatsu area, and finishing in and around Osaka and Kyoto; that the Japanese textile industry took some 2½ to 3 million bales of raw cotton (600,000 to 1,600,000 from the United States); that it produced some 3.5 billion square meters of fabric (using 7.7 million spindles, one-third of a million looms, and over one-fourth of a million employees), exporting some 40 percent of production (something less than the 247-million-yard quota being shipped to the United States), and delivering the balance for consumption within Japan. It was noted that the Japanese textile industry pays the girls ¥4,000 to ¥10,000 per month ($12 to $30) and the more technically skilled men ¥25,000 to ¥50,000 per month ($70 to $140) with amenities running up to 40 percent in addition to basic salaries. It was also noted that the medical and social benefits were, in most cases, more extensive than those given to American workers.

I inquired about American investment in the Japanese textile industry. I said that one of my congressional colleagues was of the opinion that some American textile manufacturers had been investing in Japan to produce at low cost for export to the American market. I was informed that the Japanese do not really welcome foreign investment and control, and that there is virtually no American investment in the textile industry in Japan, other than that resulting from the licensing technical arrangements such as Cluett & Peabody's sanforizing process.

In the afternoon I was received at the Kaizuka Spinning Mill of Dai Nippon Spinning Co. by Mr. Yoshio Miyamoto, vice director of the mill. Mr. Miyamoto gave me a briefing on the operations of the mill before conducting me on the actual tour. It was explained that the mill takes up an area of some 44 acres of land and has 124,000 spindles and about 800 looms, all for the processing of cotton. Cotton yarns of all counts from 10 to 120 are produced in the plant. The coarser yarns produced are, for the most part, sent to small independent weavers and the high-count yarns are processed into fabric at the plant. At the Kaizuka mill there are some 1,800 workers of which about 1,400 are women. The average age of the workers is 22 and the average salary is ¥13,000 (about $36) per month. In addition, the company gives fringe benefits in the form of low-cost housing; medical care; recreation facilities; educational benefits; and the company-owned stores—to the extent of about ¥5,000 per month (approximately $14). The employee pays ¥1,500 ($4) for these benefits thus bringing his total absolute cost to the company to about $46 per month.

Mr. Miyamoto explained that the layout of the plant at Kaizuka was designed to utilize every inch of the small area available and that the layout was also designed for smooth flow of the production from raw cotton to the final gray cloth. Mr. Miyamoto then conducted me and two consulate officers on a tour of the plant, which was actually broken into three sections. One for spinning coarse yarns; one for high-count yarns; and one for weaving.

After departing from Kaizuka, we traveled by automobile to the finishing plant of the Kanegafushi Spinning Co. (Kanebo) in Osaka. There we were greeted by Mr. Thomas E. Honda, manager of the foreign department and Mr. T. Kimota of the general affairs department of the mill. Mr. Kimota explained that the finishing plant processes approximately 8 million square yards of cotton fabric each month. The processes include bleaching, sanforizing, resin finishing, dying, and printing. Mr. Kimota noted that much of the machinery used in the mill has been imported from the United States and that several American processes are used, including Cluett & Peabody's "Sanforizing," Joseph P. Bancroft's "Everglaze" and some DuPont methods. Mr. Kimota also pointed out that a relatively small number of people are employed in the finishing mill because of the large degree of automation.

Before going on a tour through the plant, I asked Kanegafushi officials if they had any new information about competition with Communist China's cotton fabrics. Mr. Kimota said that they did not have much information, but he knew that the Communist Chinese are now trying to get into the Southeast Asian market with low price textiles particularly in Burma and Indonesia. Mr. Kimota said he did not know the quality of the Communist Chinese fabrics and said that for Japan, Hong Kong is the most serious problem in terms of competition. I said that I had heard of at least one instance where American textile machinery was sold to Communist China via a West European country and Czechoslovakia and that if this was typical, the quality of Chinese textiles should be good. I said that I felt that Hong Kong is a common problem of Japan and the United States because low cost production from there is competing in the American market against domestic production and Japanese production. At this point, the conversation had to be terminated because of the necessity to tour the plant before closing time.

During the tour of the plant, Mr. Kimota pointed out the large amount of American equipment and the well-designed flow pattern of the operation. He particularly noted with pride the sanforizing processing machines, roller printing machines capable of handling 14 colors simultaneously, and modern automatic silk screening machines for printing complicated patterns.

The Kaizuka and Kanegafushi plants are relatively old, but the machinery in them is, for the most part, modern and well maintained and even the old machinery has been modernized to keep it up to date.

I asked the consul general's office in Osaka to check on American investments in Japanese plants and I received the following statement from the consulate general by a letter dated December 8, 1960.

"During your conversation with Consul Olson on the way to Osaka from the airport, you mentioned a statement of one of your Congressional colleagues concerning American firms investing in Japan to produce at low costs for export to the United States. We have made a check into this matter and confirm that there are no American investments of any significance in cotton textile manufacturing in Japan. The only instances that have come to our attention are the following:

"1. Bernard Ulmann Co., Inc., of Long Island City and Hikari, Yamaguchi Prefecture, Japan: This firm produces embroidered cotton and wool made-up goods. They are manufactured from cotton cloth and woolen yarns, all of which are imported exclusively from the United States. The embroidery is made to order in Japan, and the finished product reexported to the United States. The Ulmann Co. has been engaged in this operation since 1949. We do not have any figures on its investment or volume of busines, but we feel sure that they are very modest.

"2. Kaigai Amimono K. K. (Naigai Knitting Co.), 22 Kanda, Mitoshirocho, Chiyoda Ku, Tokyo: This company has mills in Hammamatsu and Yokohama producing knitted goods, hosiery, and sweaters. In March 1952, Julius Kayser & Co., of New York, acquired 1,500,000 shares of this firm. These shares, with an estimated par value of ¥75 million (approximately $200,000 believed to constitute only a small part of the total shares issued. Of the ¥2,473 million gross sales of this firm in 1959, ¥353 million (14 percent) were exported; ¥17 million ($47,800) in hosiery, and ¥336 million ($936,000) in sweaters.

"Neither of these cases, which seem to be exceptional, are in cotton textiles, nor are they recent investments. An instance of a flier into cotton made-up blouses or shirts did occur in Kyoto a few years ago, but it was short lived. Labor troubles were the cause of its demise."

When I talked to the officials at the Dai Nippon Spinning Co., the very courteous gentleman who showed us through the plant, kept a running conversation about the amount of American cotton he was buying. When I directed his attention to the fact that he was buying the American cotton at 8 cents per pound less than the American manufacturer had to pay, he took the position that they were doing us a favor by getting rid of our surplus cotton. I told him I thought they were doing us a favor, but when they shipped it back to us at a cost which hurt our market, then it ceased to be a favor. I then pointed out to him how much we paid our people over here who work in the textile plants, and I told him that we felt it only right that they receive good wages, and it was difficult for us to compete when we paid so much higher wages than they paid. His reply was that the volume of goods shipped to the United States was limited and that his information was that the volume of textiles imported into the United States was also limited.

The last statement inspired an explanation on my part that the 247 million yards, of themselves, did not hurt the market, but the fact that the 247 million yards came onto our market at a price which gave the buyers in this country a chance to beat down the prices in our markets, caused us to have difficulty selling our textiles, and when you cannot sell for a profit, you cannot afford to run your mills and your people are out of work.

At the Kanebo (abbreviation for Kanegafuchi Boseki Kabushiki Kaisha, which stands for Kanegafuchi Spinning Co., Ltd.) we found one of the most modern plants I have ever seen. This is the oldest textile manufacturing outfit in Japan, and it is probably due to the fact that it has the most modern plants and the most up-to-date technical skills. We visited the cotton finishing equipment in the Yodogawa plant, situated in Osaka, which is the largest and most modern of its kind in the Orient. Immediately after the war, a great deal of modern imported machinery was added, and its production level has now been increased to 15 million yards per month. The fabrics that have been processed here enjoy an unparalleled reputation throughout the world's markets, and are similar to our bleaching plants in South Carolina and elsewhere, and the bleaching of one-half million yards per day is under the name of Everwhite, processed with high efficiency by J boxtype continuous bleaching machines under license from the DuPont Co. of the United States. They also do considerable dyeing with dyeing machines patented by General Dyestuff Co., equipped with Williams units, and two continuous dyeing machines of their own.

We went all through this finishing plant, and the machines were just as modern, and the techniques just as efficient as those in the United States. Again we discussed briefly the wage differential and the cotton cost differential. We went into the display room, and the goods exhibited were equal in attraction to any I have ever seen.

All of this I observed in a year when textile imports are recordbreaking, that is the year of 1960. In that year, the imbalance of imports over exports of textile goods will reach a new high of 39 percent as compared to 6 percent in 1958 and 32 percent in 1959.

I ask your help and the help of our committee in trying to get some action to relieve the situation which threatens us. I am sure that the textile industry as a whole is well aware of the threat that hangs over the head of the industry because of the import situation. I am sure that those great American people, many of whom are my wonderful constituents, are anxious about their jobs, and want us to do something to protect their jobs. Unfortunately for my purposes, I cannot do it alone, but I make this report in the spirit of bringing to your attention, since I know you are interested in helping our textile industry and in doing something about the situations which exist. I have seen it at firsthand, and I am under no delusion as to the quality of their goods, or the fact that we are going to have to get busy. Any help you can give us will be greatly appreciated, and I deeply appreciate your letting me make the trip, and examine the situation firsthand for the benefit of my people and the textile industry.

This letter comprises my formal report to you, and I shall introduce legislation asking for relief, and at the first opportunity, I would appreciate being allowed to discuss the matter with you further.

Again, in behalf of my people who work in the textile mills, thank you for your help, your advices, and your allowing me to go on the trip.

Sincerely yours,

ROBERT W. HEMPHILL,
Member of Congress.

Senator PASTORE. Mr. J. M. Cheatham, president, American Cotton Manufacturers Institute, Inc., and Dundee Mills, Inc., of Griffin, Ga.

Mr. Cheatham, let me say at the outset how pleased we are to have you here, you and your associates. You are very helpful in the data and the testimony that you rendered to our committee that led to the first recommendation that we made from this committee. I am sorry that I can't give you better weather, but you indeed have a warm welcome from this committee.

STATEMENT OF J. M. CHEATHAM, PRESIDENT, AMERICAN COTTON MANUFACTURERS INSTITUTE, INC., AND PRESIDENT, DUNDEE MILLS, INC., GRIFFIN, GA.; ACCOMPANIED BY ROBERT C. JACKSON, EXECUTIVE VICE PRESIDENT, AMERICAN COTTON MANUFACTURERS INSTITUTE, INC., AND R. BUFORD BRANDIS, CHIEF ECONOMIST, AMERICAN COTTON MANUFACTURERS INSTITUTE, INC., WASHINGTON, D.C.

Mr. CHEATHAM. Thank you very much, Senator.

Senator COTTON. I just got in from New England, and you had better be thankful with the weather that you have right here.

Mr. CHEATHAM. Thank you, sir.

Before I get into the main body of my remarks I would like to on a personal side say to the distinguished chairman that during the last war I spent, as a young naval officer, many pleasant days in your State, sir, at Quonset Point, Newport, and Providence.

I might add, Senator, that if I had known then what I know now about the textile industry, I would probably still be in Rhode Island.

Senator PASTORE. People in the textile industry in Rhode Island will not join you in that observation.

Mr. CHEATHAM. I meant, sir, in staying in the Navy in Rhode Island.

My name is J. M. Cheatham, and I am president of Dundee Mills, Inc., of Griffin, Ga. Today, I appear before you in my capacity as president of the American Cotton Manufacturers Institute, Inc.

The American Cotton Manufacturers Institute is the central trade association for manufacturers of textiles made from cotton, man-made fibers, and silk. Represented in the institute's membership is approximately 80 percent of the basic textile spinning and weaving industry in this country, with member mills located along an arc from Maine to Texas.

We are grateful to you for the privilege of participating in these hearings and for the opportunity of presenting to you our views on the major problems facing the textile industry today.

With you permission there are five points which I wish to develop. They are:

1. The findings and recommendations made by this committee on February 4, 1959, were sound and prophetic as the last 2 years have clearly demonstrated.

2. Had the recommendations made in that report been fully carried out, the American textile industry, from fibers through apparel, would not be in the plight it is today.

3. The present situation is critical and unless immediate relief is provided, the domestic textile industry will be destroyed by foreign textile imports.

4. There is only one satisfactory solution: the establishment of import quotas by country and by category.

5. Quotas must be provided by the Government in 1961 to preserve the American textile industry and protect the general economy of the United States.

Two years ago, after thorough investigation of the textile import crisis, this committee recommended to the Senate "that quotas be established which will permit foreign producers of textile products to sell in our markets within limits which will not further endanger existing textile capacity. We also recommend that quotas be established by specific categories of textile products." These recommendations are even more sound today, and their implementation more desperately needed than was the case in 1959. Already acute 2 years ago, the textile import problem has worsened drastically since then.

For example, in 1960, imports of cotton yarn had jumped to over 14 million pounds from less than 1 million pounds in 1958; cotton cloth imports have tripled, manmade fiber fabric imports have doubled; broad silk fabric imports have increased rapidly, and imports of apparel are up from $138 to $216 million—an increase of 70 percent.

In short, textile and apparel imports are now about equivalent to 10 percent of basic cloth production in this country, and this rise of imports, accompanied by a falling export market means that beginning in 1958 the United States became for the first time in history a net importer of textiles.

Since 1958, imports of textile manufactures have exceeded exports by ever-increasing margins: by 6 percent in 1958, 32 percent in 1959, and by an estimated 36 percent or $250 million in 1960.

Senator PASTORE. May I interrupt you for a question at this point, Mr. Cheatham?

I would hope that you might have your staff work this out. You say here "Since 1958, imports of textile manufactures have exceeded exports by ever-increasing margins: by 6 percent in 1958, by 32 percent in 1959, and by an estimated 36 percent or $250 million in 1960."

I was wondering if statistically we could develop these figures as well. I would like to know whether or not our exports went up, stayed firm, or came down. I mean rather than by comparison, because that would not give you the true picture that I am trying to develop because all of us know that there have been imports. I want to know if exports in textiles in and of themselves in the past 2 years have gone up, remained steady, or went down, without comparison to the imports.

You have developed this. I would rather have the further development and we can put it in the record somewhere in this part of your remarks.

Are those figures obtainable?

Mr. CHEATHAM. Those figures are contained in the appendix that we would like to file. We will not read it to you, but the import curve has been going up, and the export going down. They are widening all the time.

Senator PASTORE. Regardless of the widening, your argument now is that even our exports have gone down in the last 2 years?

Mr. CHEATHAM. Considerably; yes, sir; in particular categories like cotton cloth, but not overall.

Senator COTTON. Does the information that you are filing on this point also give some indication by categories?

Mr. CHEATHAM. Yes, sir. It is of all textile manufactures. And we can break that down for you.

Senator COTTON. It will probably come out during the testimony.

Mr. CHEATHAM. We have again some tables.

Senator PASTORE. May I have that question again?

Senator COTTON. I asked if this information he is filing also gave some information by categories.

Senator PASTORE. Fine, if that is possible. The reason why—and I want to make this abundantly clear—is that we have been told constantly that while we have a problem the fact of the matter is that our exports are going up. They keep saying that. I want to point out that that isn't particularly true with reference to textiles, if I can show that. If the picture is consonant with the statements that are made with reference to other exports, I think the record ought to show that as well. But if the picture here in the textile area is such that our imports are gradually rising and the spiral is upward, and even so, in contrast to that, that there has been no spiral upward in any degree in the exports of textiles, and that the spiral or trend has been downward, I think that that ought to be developed.

Mr. CHEATHAM. For a quick example, on cotton cloth, the year 1957, we exported in round figures 547 million yards; in 1958, 500 million; in 1959, 472 million; in 1960, the first 11 months, 397 million, or an annual rate of maybe 415 million. So you see the trend is downward.

Senator PASTORE. Thank you very much.

Mr. CHEATHAM. To go on about the increases: We must bear in mind, however, that this quantity explosion has been accompanied by a geographical enlargement of the sources of these imports.

We recall the Japanese Government's exercise of commercial restraint in 1957 in establishing controls over cotton textile exports to the United States.

In 1958, 71 percent of the cotton cloth and 26 percent of all cotton manufactures imported into the United States came from Japan—under a voluntary quota arrangement. Last year, Japan's figures were 18 percent and 28 percent, respectively.

Hong Kong and India, however, present a far different picture. Cotton cloth from these nations accounted for about 30 percent of total U.S. imports in 1960 where 2 years previously their share was only 2 percent. With respect to all cotton manufactures—which

includes apparel items—Hong Kong and India increased their share of the U.S. market from 12 percent in 1958 to 29 percent last year.

Senator PASTORE. Is it possible to break down Hong Kong as distinguished from India?

Mr. CHEATHAM. Yes, sir.

Senator PASTORE. Would you do that for us, too?

Mr. CHEATHAM. Yes, sir.

These figures demonstrate graphically the weakness inherent in our Government's reliance on other nations to regulate their exports to our shores. Instead of solving the problem, the device served only to complicate it and delay further the arrival of an ultimate solution.

In the face of these facts, only last summer we were confronted with a long new list of textile products on which this Government might consider offering new tariff concessions in the current GATT negotiations. Imports of some of the items on this list have been doubling from one year to the next. How then, can the existing tariff schedule be said to be restrictive? And if it is not restrictive, why should our Government propose further reductions in the rates?

Coupled with this have been the futile efforts of our industry to obtain effective administrative action under existing law.

Also, the administration of current trade policy has discriminated against the textile industry's exports, as evidenced by the ICA procurement program.

Senator PASTORE. This is another thing I want to bring out. We were sorely rebuked in this regard when we said that more of the procurement should be made here in the United States of America. Since that time, since we got talking about the imbalance in payments because of the Ministers' meeting here 2 years ago in the month of September in Washington, when for the first time the Secretary of the Treasury admonished our friends abroad that something had to be done about this imbalance of payments, that is the first time since then that we began to talk about "Buy American."

Now I understand there are restrictions. You can't transport to the United States of America any foreign automobile that you have bought on certain concessions that the Military Establishment is making for some of our personnel abroad, and now we are beginning to talk about procurement here in the United States of America.

As a matter of fact, the very items that we were rebuked upon in that report that was made to us, happen now to be the trend of the American policy.

Am I right or wrong?

Mr. CHEATHAM. You are entirely right. It looks like the case of——

Senator PASTORE. The trouble may be that this committee was born 30 years too soon.

Mr. CHEATHAM. Maybe they are trying to shut the barnyard gate after the horse is gone. I remember very vividly those same recommendations that you made 2 years ago. You are entirely right.

In a world of rapidly changing economic relationships, the plight of the textile industry today is one of the most obvious examples of outmoded traditional U.S. foreign economic policy thinking.

It is encouraging that thought leaders in this field are recognizing this fact, such as Mr. Alfred C. Neal, presently president of the Committee for Economic Development, and who was a few years back the

Research Director of the Randall Commission on Foreign Economic Policy.

Mr. Neal, in the January issue of Foreign Affairs suggests that we need three different foreign economic policies—one "suitable for the industrialized countries of the free world, another for the underdeveloped countries, and a third for the Communist bloc."

Developing his thinking further, Mr. Neal points out that:

> The explosive effects of advanced technology in a country with extremely low wages can be damaging to all—to the exporting country because it overexpands, and to importing countries because they cannot move people and resources out of damaged industries fast enough. Controlling the most serious of these cases by means of agreed quotas, which are temporary and expandable, may be the only reasonable alternative to the disruption of the whole trading system of the west.

And in this connection, Mr. Neal specifically mentions the problem of Asian textiles.

Considering these facts, it is beyond comprehension that our Federal Government, which has a major responsibility for the economic strength of the Nation, sits idly by and permits the vampire of foreign imports to suck the lifeblood of the American textile industry.

We wish to make it abundantly clear that we do not ask for special favors. We seek no handouts, no subsidies, no favored tax treatment.

We are sick of misleading statements by those antagonistic to the textile industry, who refer to us as "protectionist" or "isolationist."

We realize the absolute necessity for maintaining a high level of international trade; we realize that the textile industry must carry its share of that load—which means absorbing its share of imports, even though we don't need them. But we strongly object to being placed by law in a completely impossible competitive position, which is forcing us to select between two undesirable alternatives—that of going out of business, or moving our manufacturing facilities out of the United States.

How on earth can a responsible businessman plan for the future under such a handicap?

If a foreign textile manufacturer can sell goods here because they are better styled than ours, he should be allowed to do it; if his goods are prettier, with more appeal to the consumer, he should be allowed to sell—and some of that is being done; if he can sell here because he is more efficient, we should not penalize him; or if his product is more serviceable or durable, the consumer should not be denied it.

But, if the foreign manufacturer is selling, as he is, hundreds of millions of yards of goods, and millions of items of apparel, not because they are better styled, or prettier, or produced more efficiently, or more durable or serviceable, but, rather, because they are cheaper, and cheaper only because they are manufactured under tax, labor, and raw material cost conditions that are impossible and even illegal in the United States, then we contend this to be an intolerable situation, one that violates every reasonable concept of what should constitute any nation's foreign trade policy.

What is the solution? It is much simpler than our adversaries, in and out of Government, would have you believe. It is a sensible system of import quotas, by country and by category. This will allow foreigners a reasonable portion of our market and, at the same time,

curtail the wholly unfair competition and the devastating uncertainty now destroying the U.S. textile manufacturer, worker, and investor.

The committee has been kind enough to accept supplemental materials which we have filed with you and which we trust will be incorporated in the record of these hearings.

Senator PASTORE. It will be so incorporated.

(The documents follow:)

SUPPLEMENTAL MATERIALS TO STATEMENT OF J. M. CHEATHAM, PRESIDENT OF THE AMERICAN COTTON MANUFACTURERS INSTITUTE, INC.

Mr. Chairman and members of the committee, my name is J. M. Cheatham, and I am president of Dundee Mills, Inc., of Griffin, Ga. Today, I appear before you in my capacity as president of the American Cotton Manufacturers Institute, Inc.

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With your permission there are five points which I wish to develop. They are:

1. The findings and recommendations made by this committee on February 4, 1959, were sound and prophetic as the last 2 years have clearly demonstrated.

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5. Quotas must be provided by the Government in 1961 to preserve the American textile industry and protect the general economy of the United States.

Two years ago, after thorough investigation of the textile import crisis, this committee recommended to the Senate "that quotas be established which will permit foreign producers of textile products to sell in our markets within limits which will not further endanger existing textile capacity. We also recommend that quotas be established by specific categories of textile products." These recommendations are even more sound today, and their implementation more desperately needed than was the case in 1959. Already acute 2 years ago, the textile import problem was worsened drastically since then. (Exhibit A.)

For example, in 1960, imports of cotton yarn had jumped to over 14 million pounds from less than 1 million pounds in 1958; cotton cloth imports have tripled, manmade fiber fabric imports have doubled; broad silk fabric imports have increased rapidly, and imports of apparel are up from $138 million to $216 million—an increase of 70 percent.

In short, textile and apparel imports are now about equivalent to 10 percent of basic cloth production in this country, and this rise of imports, accompanied by a falling export market means that beginning in 1958 the United States became for the first time in history a net importer of textiles.

Since 1958, imports of textile manufacturers have exceeded exports by ever-increasing margins; by 6 percent in 1958, by 32 percent in 1959, and by an estimated 36 percent or $250 million in 1960.

We must bear in mind, however, that this quantity explosion has been accompanied by a geographical enlargement of the sources of these imports.

We recall the Japanese Government's exercise of commercial restraint in 1957 in establishing controls over cotton textile exports to the United States.

In 1958, 71 percent of the cotton cloth and 26 percent of all cotton manufactures imported into the United States came from Japan—under a voluntary quota arrangement. Last year, Japan's figures were 18 percent and 28 percent, respectively.

Hong Kong and India, however, present a far different picture. Cotton cloth from these nations accounted for about 30 percent of total U.S. imports in 1960 where 2 years previously their share was only 2 percent. With respect to all cotton manufactures—which includes apparel items—Hong Kong and India increased their share of the U.S. market from 11 percent in 1958 to 25 percent last year.

These figures demonstrate graphically the weakness inherent in our Government's reliance on other nations to regulate their exports to our shores. instead of solving the problem, the device served only to complicate it and delay further the arrival of an ultimate solution.

In the face of these facts, only last summer we were confronted with a long new list of textile products on which this Government might consider offering new tariff concessions in the current GATT negotiations. Imports of some of the items on this list have been doubling from one year to the next. How then, can the existing tariff schedule be said to be restrictive? And if it is not restrictive, why should our Government propose further reductions in the rates?

The institute was represented in peril point hearings before the Tariff Commission last August on the preliminary negotiating list. I am going to mention just two of the categories of textile items which appeared on that list and about which we made representations to the Tariff Commission in the August hearings: cotton yarn and synthetic broad woven fabrics.

The rates on cotton yarn were reduced in 1957, and yet we find most types of cotton yarn on the list. Current tariff rates are not a barrier to oversea cotton yarn manufacturers desirous of export markets in the United States. Official U.S. Government import statistics show that cotton yarn imports are growing at a fantastic rate under present tariff schedules.

In 1959, cotton yarn imports totaled 1.3 million pounds; in 1960, they totaled about 15.5 million pounds, and with raw cotton 6 cents a pound cheaper overseas than here, it is not difficult to demonstrate that there is no tariff barrier to cotton yarn imports today or in prospect.

The President's list contained all the synthetic broad woven fabrics. On these the Tariff Act of 1930 established a rate of 45 cents a pound plus 70 percent ad valorem where the cloth is jacquard figured, and 45 cents per pound plus 60 percent ad valorem where not jacquard figured. These rates have already been reduced by approximately half, being now 25 cents per pound plus 22½ percent ad valorem, whether or not jacquard figured. Between 1958 and 1959, while the President's list was in preparation, imports of these fabrics more than doubled, and in 1960 imports continued to run about the 1959 level.

Under such circumstances, additional tariff reductions can only be interpreted by overseas' manufacturers as an invitation from the U.S. Government for them to continue to expand shipments of these items to this market.

This is not a wholly new situation. ACMI witnesses made precisely the same point before the Tariff Commission in 1954 when a wide range of cotton broad woven fabrics was on the President's list. At that time, imports of those fabrics were increasing rapidly—particularly from Japan—so that it was obvious the then current rates formed no barrier to a rapid expansion of import competition with the domestic mills.

After the implied invitation was extended by the tariff reductions on cotton broad woven fabrics in 1955 coupled with the admission of Japan to GATT under U.S. sponsorship, Japanese exports of cotton cloth to this market got completely out of hand; so much so, in fact, that the United States and Japanese Governments entered into prolonged conversations, with the upshot being establishment by the Japanese Government of voluntary export quotas in January 1957, on cotton products, which quotas were officially welcomed by this Government.

We were fortunate that the major source of import competition in that case was Japan, because the Japanese Government and industry were willing and able to exercise commercial restraint. We cannot count on being so fortunate again, in part because over the past 5 years, the sources of U.S. textile imports have exploded geographically until at present the industry in this country is facing substantial imports of cotton yarn from Portugal, cotton cloth from India, rayons from Japan, and apparel shipments from Hong Kong.

Furthermore, the realities of world commerce under the twin drives of industrialization and regionalism is rapidly and drastically weakening U.S. competitive potential vis-a-vis the other industrialized areas of the world. One has only to look at the Common Market development in Europe and the Indian

Government's third 5-year plan for economic development, by way of example.

Coupled with this have been the futile efforts of our industry to obtain effective administrative action under existing law.

We find it difficult to understand why our Government at this juncture of international economic developments should be considering giving further encouragement to the importers of textiles and apparel into this country. This is particularly difficult to understand when we review the failure of the Federal Government to date to grant meaningful import relief through existing administrative authority to those segments of the industry already suffering serious damage.

A classic illustration occurred between the summer of 1959 and the summer of 1960, when the cotton textile case under section 22 of the Agricultural Adjustment Act was in process of hearing and decision.

This provision of law is designed to protect U.S. Government agricultural programs from import damage. Under it, quantitative import quotas on raw cotton have been maintained since before World War II. Section 22 applies to the products of agricultural raw materials as well as to the raw materials themselves.

As the raw cotton equivalent of cotton manufactures rose sharply in 1959, the National Cotton Council, supported by the American Cotton Manufacturers Institute and other trade organizations, attempted to secure restriction of cotton textile imports under the section 22 authority.

In accordance with established procedure, the industry petitioned the Secretary of Agriculture in June 1959. It was November before the President finally asked the Tariff Commission to investigate the problem.

Public hearings were held in March of 1960, and in June, 1 year after the original petition was filed with the Secretary of Agriculture, the Tariff Commission decided by a 4–2 vote that no additional controls were needed on cotton textile imports.

The Presidential directive, however, initiating the Tariff Commission investigation was so narrowly drawn that in the view of the majority of the Commission the President had restricted their consideration to the effect of cotton textile imports on the raw cotton export program only. Such a limitation of a section 22 investigation by Presidental directive is without exact precedent in the whole history of the administration of section 22 since its first enactment a quarter century ago.

Thus, the Tariff Commission never did investigate the whole impact of imports upon the Government's raw cotton programs as authorized by section 22 of the Agricultural Adjustment Act. Instead, it addressed itself only to the extremely narrow question of whether or not imports of cotton manufactures were substantially interfering with the Government's raw cotton export program.

The majority of the Commission interpreted this limitation very strictly. The whole range of effects which imports have upon the cotton pricing program, for example, or upon the Government's efforts to reduce the cotton surplus in the United States, were ignored. The majority reasoned that because raw cotton exports had increased under the Government's subsidy program, imports had not damaged that particular part of the Government's cotton program.

This administrative limitation upon the scope of the inquiry reduced the entire proceeding, in retrospect, to low farce. Obviously, in this narrow view of the problem, the entire domestic U.S. manufacture of cotton could be displaced by imports without the Commission finding injury to the program of raw cotton exports viewed singly and apart from that program's role in the overall Government program to maintain a prosperous cotton industry.

The U.S. industry feels deeply that our case was denied a fair and full hearing. Naturally, we can imagine no reason for denying a fair and full hearing except the fear that such a hearing would have led to a Tariff Commission recommendation for tariff increases or the institution of quota controls on cotton textile imports.

The American industry did have one minor success at the Tariff Commission this past year. In the same month in which the Commission denied relief under section 22 for the industry as a whole, it did, in the *Cotton Typewriter-Ribbon Cloth* case find for the domestic petitioner and recommend the restoration of duties to the 1930 level. Yet it is reliably reported that this apparent gain is now being widely circumvented by resorting to a new evasion.

While the President's proclamation last summer withdrew the concession on typewriter ribbon cloth, this relief would have been meaningless had not the Congress acted in September to close a loophole under which all types of cotton cloth could be imported with fugitive "waterproof" finishes at very low rates or duty, averaging 50 percent below the rates otherwise applicable. This loophole had been opened by a customs court decision of February 1960, and the entire industry is indebted to you, Senator Pastore, and to Congressman Mills for sponsoring this legislation, as well as to the many Members of both bodies who voted for H.R. 12659, correcting this very serious situation.

Also, the administration of current trade policy has discriminated against the textile industry's exports, as evidenced by the ICA procurement program.

Despite the freeing up of controls in some of our export markets such as Britain and Australia, our textile export position has continued to deteriorate while our imports have skyrocketed. The United States was consistently a net exporter of textiles for decade after decade until 1958. Since that time, textile imports into the United States have exceeded textile exports by increasing margins each year and, in 1961, may well be half again as large. On September 27, 1960, ACMI and the Textile Export Association presented to the Department of Commerce a detailed analysis of discrimination by overseas' countries against U.S. textile exports. Exhibit B. There has been no noticeable change in the export picture since this analysis was prepared.

One basic reason that our U.S. textile exports have declined is that under previous ICA free worldwide procurement policy much of the textile procurement was made offshore—largely Japan and Europe. Representatives of ACMI and the Textile Export Association have taken this matter up with ICA officials from time to time, our latest conference having been held about 2 months ago, and we have another meeting scheduled for a week from today. A copy of the presentation which our representatives made to ICA officials on December 9, 1960 is attached. Exhibit C.

I am happy to report that there are indications that ICA is improving the system of notifying domestic textile manufacturers in more timely fashion of opportunities to bid, and that ICA officials have indicated an intention to improve liaison with the domestic industry in the drawing of specifications for textile procurement, so that these opportunities to bid will be realistic ones.

Other basic actions need to be taken if the depressed U.S. textile industry is to participate substantially in ICA procurement. For example, we find it difficult to understand why foreign policy considerations still prevent this Government requiring that all foreign aid funds spent on textiles be spent in the United States, when exactly this requirement has been made for years in the expenditures under ICA and Public Law 480, so far as purchases of raw cotton are concerned. It is particularly difficult to see the distinction between requiring 100 percent domestic procurement of wheat and dairy products, as is done, and failing to require any percentage whatever of domestic procurement of cotton products, for example, with foreign aid funds. We are pleased to note, however, that the new ICA procurement policy moves substantially in this direction.

In a world of rapidly changing economic relationships, the plight of the textile industry today is one of the most obvious examples of outmoded traditional U.S. foreign economic-policy thinking.

It is encouraging that thought leaders in this field, such as Mr. Alfred C. Neal, presently president of the committee for economic development, and who was a few years back the research director of the Randall Commission on Foreign Economic Policy, are recognizing this fact.

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We realize the absolute necessity for maintaining a high level of international trade; we realize that the textile industry must carry its share of that load—which means absorbing its share of imports, even though we don't need them. But we strongly object to being placed by law in a completely impossible competitive position, which is forcing us to select between two undesirable alternatives—that of going out of business, or taking our business out of the United States.

How on earth can a responsible businessman plan for the future under such a handicap?

If a foreign textile manufacturer can sell goods here because they are better styled than ours, he should be allowed to do it; if his goods are prettier, with more appeal to the consumer, he should be allowed to sell—and some of that is done; if he can sell here because he is more efficient, we should not penalize him; or if his product is more serviceable or durable, the consumer should not be denied it.

But, if the foreign manufacturer is selling, as he is, hundreds of millions of yards of goods, and millions of items of apparel, not because they are better styled, or prettier, or produced more efficiently, or more durable or serviceable—but, rather, because they are cheaper; and cheaper only because they are manufactured under tax, labor, and raw material cost conditions that are impossible and even illegal in the United States—then we contend this to be an intolerable situation, one that violates every reasonable concept of what should constitute any nation's foreign trade policy.

What is the solution? It is much simpler than our adversaries, in and out of government, would have you believe. It is a sensible system of import quotas, by country and by category. This will allow foreigners a reasonable portion of our market and, at the same time, curtail the wholly unfair competition and the devastating uncertainty now destroying the U.S. textile manufacturer, worker and investor.

The committee has been kind enough to accept these supplemental materials which we are filing and which we trust you will incorporate in the record of these hearings.

Again, may I express our deep appreciation to this committee for taking this matter under advisement and for permitting us to appear before you.

We thank you.

EXHIBIT A

TABLE 1.—*Sales* [1]

[In millions of dollars]

Year	All manufacturing industries	Textile mills products industry	Ratio of textile to all manufacturing	Year	All manufacturing industries	Textile mills products industry	Ratio of textile to all manufacturing
1950	$181,881	$10,430	5.7	1957	$320,039	$13,056	4.1
1951	244,970	14,660	6.0	1958	305,281	11,970	3.9
1952	250,184	14,127	5.6	1959	337,817	13,762	4.0
1953	265,900	12,991	4.9	1960:			
1954	248,496	11,700	4.7	1st quarter	85,699	3,331	3.8
1955	278,394	13,314	4.8	2d quarter	88,092	3,410	3.8
1956	307,256	13,191	4.3	3d quarter	84,854	3,208	3.7

[1] Net of returns, allowances, and discounts.

Source: U.S. Federal Trade Commission and Securities and Exchange Commission.

TABLE 2.—*Profit rates (after taxes)*

[In percentages]

Year	On sales		On stockholder's equity	
	All manufacturing industries	Textile mill products industry	All manufacturing industries	Textile mill products industry
1950	7.1	5.8	15.0	12.3
1951	4.8	3.4	11.8	7.9
1952	4.3	1.9	10.2	4.2
1953	4.3	2.2	10.4	4.6
1954	4.5	1.0	9.8	1.8
1955	5.4	2.6	12.3	5.7
1956	5.3	2.6	12.0	5.7
1957	4.8	1.9	10.7	4.2
1958	4.2	1.6	8.4	3.5
1959	4.8	3.0	10.2	7.4
1960:				
1st quarter [1]	4.7	2.8	9.8	6.6
2d quarter [1]	4.6	2.5	9.9	6.1
3d quarter [1]	4.3	2.5	8.7	5.7

[1] Quarterly figures at annual rate.

Source: Federal Trade Commission and Securities and Exchange Commission.

TABLE 3.—*Expenditures for new plant and equipment*

[In millions of dollars]

Year	All manufacturing industries	Textile mills products industry	Ratio of textiles to all manufacturing	Year	All manufacturing industries	Textile mills products industry	Ratio of textiles to all manufacturing
1950	$7,491	$450	6.0	1956	$14,954	$465	3.1
1951	10,852	531	4.9	1957	15,959	408	2.5
1952	11,632	434	3.7	1958	11,433	288	2.5
1953	11,908	378	3.2	1959	12,067	412	3.4
1954	11,038	331	3.0	1960	14,450	520	3.5
1955	11,439	366	3.2	1961	[1] 14,300	500	3.4

[1] Estimated.

Source: U.S. Department of Commerce and Securities and Exchange Commission.

TABLE 4.—*Total personal consumption expenditures and expenditures for clothing and shoes*

[In billions of dollars]

Year	Total personal consumption expenditures	Clothing and shoes	Ratio of clothing and shoes to total	Year	Total personal consumption expenditures	Clothing and shoes	Ratio of clothing and shoes to total
1950	$195.0	$19.6	10.0	1956	$269.9	$24.5	9.0
1951	209.8	21.1	10.0	1957	284.8	25.4	8.9
1952	219.8	21.9	9.9	1958	293.0	26.1	8.9
1953	232.6	21.9	9.4	1959	311.6	27.7	8.8
1954	238.0	21.9	9.2	1960 3d quarter	[1] 328.3	[1] 28.2	[1] 8.5
1955	256.9	23.4	9.1				

[1] Seasonally adjusted annual rate.

Source: U.S. Department of Commerce.

TABLE 5.—*Spindles and looms in place*

At end of month	Cotton system spindles in place (millions of spindles)			Cotton and manmade fiber looms in place in (thousands of looms)
	United States	World	United States at end of year	
January 1928	36.3	165.0	1947	500.6
January 1939	25.9	147.6	1948	500.1
July 1950	23.0	122.9	1950	507.2
July 1951	23.2	126.0	1951	514.4
July 1952	23.2	129.1	1952	513.1
July 1953	22.9	129.3	1953	502.8
July 1954	22.7	129.5	1954	501.4
July 1955	22.3	129.8	1955	475.5
July 1956	21.9	128.9	1956	455.5
July 1957	21.2	129.3	1957	443.1
July 1958	20.9	130.1	1958	422.0
July 1959	20.3	(1)	1959	420.0
July 1960	19.9	(1)		(1)

[1] Not available.

Source: U. S. Department of Commerce; and International Federation of Cotton and Allied Industries.

TABLE 6.—*Index of industrial production (annual averages)*

[1957=100]

Year	Total industrial production	Textiles, apparel, and leather products	Year	Total industrial production	Textiles, apparel, and leather products
1950	74	91	1956	99	101
1951	81	90	1957	100	100
1952	84	92	1958	93	99
1953	91	93	1959	105	115
1954	85	89	1960	108	115
1955	96	98			

Source: Board of Governors, Federal Reserve System.

TABLE 7.—*Index of cotton goods: Production and inventories*

[1947–49=100]

ANNUAL AVERAGES

Year	Production index	Inventories index	Year	Production index	Inventories index
1950	106	88	1956	109	189
1951	109	145	1957	102	243
1952	101	183	1958	93	231
1953	106	133	1959	99	153
1954	105	184	1960	94	182
1955	108	160			

MONTHLY INDEXES

1960—January	100	150	1960—July	74	175
February	102	153	August	96	190
March	100	155	September	92	205
April	100	160	October	92	211
May	100	162	November	91	220
June	98	173	December	85	232

Source: The American Cotton Manufactures Institute, Inc.

TABLE 8.—*Cotton production: United States and world*

[In thousands of bales]

Year beginning Aug. 1	Total world production	U.S. production [1]	Ratio of United States to World	Year beginning Aug. 1	Total world production	U.S. production [1]	Ratio of United States to world
1950–51	30,121	9,878	32.8	1956–57	42,151	13,027	30.9
1951–52	38,310	15,150	39.5	1957–58	41,665	10,960	26.3
1952–53	39,793	15,167	38.1	1958–59	44,911	11,500	25.6
1953–54	41,649	16,402	39.3	1959–60	46,889	14,550	31.0
1954–55	41,016	13,630	33.2	1960–61 [2]	47,471	14,250	30.0
1955–56	43,759	14,680	33.5				

[1] U.S. production expressed in running bales, and adjusted for ginnings within season and "city crop."
[2] Preliminary.

Source: International Cotton Advisory Committee.

TABLE 9.—*Cotton consumption: United States and world*

[In thousands of bales]

Year beginning Aug. 1	Total world consumption	U.S. consumption [1]	Ratio of United States to World	Year beginning Aug. 1	Total world consumption	U.S. consumption [1]	Ratio of United States to World
1950–51	34,765	10,509	30.2	1955–56	41,226	9,210	22.3
1951–52	35,173	9,196	26.1	1956–57	43,071	8,608	19.9
1952–53	36,961	9,461	25.5	1957–58	43,037	7,999	18.5
1953–54	38,883	8,576	22.0	1958–59	45,695	8,703	19.0
1954–55	39,921	8,841	22.1	1959–60 [2]	48,235	9,024	19.0

[1] Running bales.
[2] Preliminary.

Source: International Cotton Advisory Committee.

TABLE 10.—*Cotton carryover, United States and world (at beginning of crop year)*

[In thousands of bales]

On Aug. 1	Total world carryover	U.S. carryover	Ratio of United States to world	On Aug. 1	Total world carryover	U.S. carryover	Ratio of United States to world
1950	17,000	6,800	40.0	1956	24,500	14,500	59.2
1951	12,300	2,300	18.7	1957	23,400	11,300	48.3
1952	15,700	2,900	18.5	1958	22,000	8,700	39.5
1953	18,600	5,600	30.1	1959	21,000	8,900	42.4
1954	21,100	9,700	46.0	1960	20,100	7,600	37.8
1955	22,100	11,200	50.7				

Source: International Cotton Advisory Committee; U.S. Department of Commerce.

TABLE 11.—*Production of broadwoven goods*

[In millions of linear yards]

Year	Total	Cotton	Manmade fiber and silk				Woolen and worsted
			Total	Rayon and acetate	Other	Silk	
1950	13,091	10,013	2,608	2,406	172	29	471
1951	12,887	10,136	2,376	2,084	266	26	375
1952	12,160	9,515	2,294	1,852	401	42	351
1953	12,944	10,203	2,405	1,903	464	38	336
1954	12,518	9,891	2,343	1,731	570	42	284
1955	13,119	10,174	2,627	1,928	656	43	318
1956	12,931	10,317	2,290	1,626	622	41	324
1957	12,118	9,534	2,289	1,464	797	28	294
1958	11,627	8,973	2,384	1,654	709	21	270
1959	12,358	9,566	2,487	1,596	851	27	305
1960:							
1st quarter	3,188	2,479	638	387	238	8	73
2d quarter	3,118	2,422	615	367	237	7	81
3d quarter	2,829	2,192	569	335	224	7	68

Source: U.S. Department of Commerce.

TABLE 12.—*Manmade fiber production*

[In millions of pounds]

Year	U.S. production			World production		
	Rayon and acetate	Noncellulosic	Total	Rayon and acetate	Noncellulosic	Total
1950	1,259	146	1,405	3,545	177	3,722
1951	1,294	205	1,499	4,008	264	4,272
1952	1,136	256	1,392	3,535	332	3,867
1953	1,197	297	1,494	4,139	404	4,543
1954	1,086	344	1,430	4,490	494	4,984
1955	1,261	455	1,716	5,035	666	5,701
1956	1,148	497	1,645	5,262	786	6,048
1957	1,139	626	1,765	5,462	1,025	6,487
1958	1,022	594	1,616	5,015	1,047	6,062
1959	1,168	793	1,961	5,560	1,450	7,010
1960 (through September)	744	657	1,041	(1)	(1)	(1)

[1] Not available.

Source: U.S. Department of Agriculture and Textile Organon.

TABLE 13.—*Cotton cloth price and raw cotton price comparisons*[1] *(crop year average)*

[In cents per pound]

Crop year	Cotton cloth price	Raw cotton price	Difference	Ratio of cotton price to cloth price
1950–51	89.52	43.54	45.98	48.6
1951–52	68.57	40.87	27.70	59.6
1952–53	68.33	36.13	32.20	52.8
1953–54	63.82	35.12	28.70	55.0
1954–55	61.54	36.22	25.32	58.8
1955–56	64.05	36.27	27.78	56.6
1956–57	61.22	34.51	26.71	56.3
1957–58	57.97	34.86	23.11	60.1
1958–59	60.14	34.74	25.40	57.7
1959–60	65.77	32.92	32.85	50.0
1960–61 (through December)	62.26	31.58	30.68	50.7

[1] Series revised in August 1950, and again (to include 20 cloth constructions) in August 1954.

Source: U.S. Department of Agriculture.

TABLE 14.—*Prices of raw cotton and rayon staple*

[Annual averages in cents per pound]

Year	Raw cotton price [1]	Viscose rayon staple price [2]	Year	Raw cotton price [1]	Viscose rayon staple price [2]
1950	37.1	36.1	1956	34.8	32.0
1951	42.0	40.0	1957	33.9	30.3
1952	39.4	39.7	1958	34.7	31.0
1953	33.8	35.0	1959	33.2	32.5
1954	35.0	34.0	1960 through November	34.0	31.6
1955	34.8	33.7			

[1] Spot middling inch cotton: 10 market average through 1954, 14 market average 1955 forward.
[2] 1½ inch, 1½ denier bright luster, regular tenacity staple.

Source: U.S. Department of Agriculture and the Textile Economics Bureau, Inc.

TABLE 15.—*Silk and silk manufactures, consumption, imports, prices*

[Annual averages]

	U.S. mill consumption of silk (millions of pounds)	U.S. imports of silk and silk manufactures (millions of dollars)	Price of raw silk (per pound)
1950	8.4	55.0	$3.49
1951	5.6	58.6	4.81
1952	6.9	72.2	5.16
1953	5.4	63.3	5.30
1954	6.4	64.2	4.92
1955	7.2	78.7	4.59
1956	7.7	89.5	4.49
1957	5.9	86.7	4.49
1958	5.1	74.7	4.09
1959	6.3	100.6	4.10
1960 (January–November)	5.9	92.0	4.14

Source: Textile Economics Bureau, Inc., and the U.S. Department of Commerce.

TABLE 16.—*U.S. per capita fiber mill consumption*

[In pounds]

Year	Cotton	Wool	Rayon and acetate	Other synthetics	Silk	All fibers
1950	30.9	4.2	8.9	0.9	0.1	45.0
1951	31.5	3.1	8.3	1.3	(1)	44.3
1952	28.5	3.0	7.7	1.6	.1	40.9
1953	27.9	3.1	7.7	1.8	(1)	40.5
1954	25.4	2.4	7.1	2.0	.1	37.0
1955	26.5	2.5	8.6	2.6	.1	40.3
1956	25.9	2.6	7.1	2.9	.1	38.7
1957	23.7	2.2	6.9	3.3	(1)	36.2
1958	22.2	1.9	6.4	3.3	(1)	33.9
1959	24.5	3.1	7.1	4.2	(1)	38.9
1960 [2]	23.8	3.1	5.7	4.6	(1)	37.2

[1] Less than 0.05 pound.
[2] Preliminary.

Source: U.S. Department of Agriculture.

TABLE 17.—*Wholesale price index*

[1947–49=100]

MONTHLY AVERAGES

Year	All industrial commodities	Textile products and apparel	Cotton products	Manmade fiber products	Silk products	Wool products
1950	105.0	99.2	99.5	95.3	99.7	112.9
1951	115.9	110.6	111.5	97.0	128.8	144.6
1952	113.2	99.8	98.5	88.9	133.7	113.0
1953	114.0	97.3	93.5	87.1	136.6	111.8
1954	114.5	95.2	89.2	85.7	129.8	109.1
1955	117.0	95.3	91.5	86.6	123.8	104.7
1956	122.2	95.3	93.0	81.5	121.5	103.7
1957	125.6	95.4	90.7	82.0	122.1	109.5
1958	126.0	93.5	88.4	80.2	113.5	100.8
1959	128.2	95.0	91.7	81.1	113.5	101.6
1960						

RECENT MONTHLY DATA

January	128.0	96.6	95.9	79.4	122.0	104.0
February	128.7	96.5	95.8	79.8	119.5	103.2
March	128.6	96.3	95.6	79.4	116.6	102.8
April	128.7	96.3	95.0	79.4	118.0	102.7
May	128.2	96.3	94.8	79.7	118.0	102.4
June	128.2	96.3	94.8	79.6	121.6	102.1
July	128.2	96.3	94.7	79.6	123.3	101.8
August	128.2	96.1	94.3	78.9	126.8	101.5
September	127.9	95.9	93.4	78.6	128.4	101.2
October	128.0	95.8	92.8	78.5	128.5	101.2
November	127.8	95.5	91.7	78.5	129.9	101.2

Source: U.S. Department of Labor.

TABLE 18.—*Consumer price index*

[1947–49=100]

Year	All items	Apparel	Cotton apparel	Manmade fiber apparel	Wool apparel
1950	102.8	98.1	94.3	88.0	102.7
1951	111.0	106.9	102.1	91.9	115.5
1952	113.5	105.8	99.8	88.1	117.2
1953	114.4	104.8	99.6	86.8	115.3
1954	114.8	104.3	98.9	85.3	115.4
1955	114.5	103.7	99.1	83.3	114.7
1956	116.2	105.5	101.7	82.7	116.3
1957	120.2	106.9	103.1	82.1	117.6
1958	123.5	107.0	103.1	81.4	117.9
1959	124.6	107.9	103.5	81.1	117.0
	Recent monthly data		Quarterly data		
1960—					
January	125.4	107.9			
February	125.6	108.4			
March	125.7	108.8	105.1	81.0	(1)
April	126.2	108.9			
May	126.3	108.9			
June	126.5	108.9	105.6	80.7	(1)
July	126.6	109.1			
August	126.6	109.3			
September	126.8	110.6	106.3	81.5	120.9
October	127.3	111.0			
November	127.4	110.7			
December	127.5	110.6			

[1] Not available.

Source: U.S. Department of Labor.

TABLE 19.—*U.S. manufacturing employment*

[In thousands. Annual averages]

Year	All manufacturing industries	Textiles, apparel and related products	Ratio of (2) to (1)	Year	All manufacturing industries	Textiles, apparel and related products	Ratio of (2) to (1)
1950	14,967	2,476	16.5	1956	16,903	2,269	13.4
1951	16,104	2,462	15.2	1957	16,782	2,204	13.1
1952	16,334	2,396	14.6	1958	15,468	2,097	13.5
1953	17,238	2,418	14.0	1959	16,156	2,177	13.4
1954	15,995	2,240	14.0	1960 [1]	16,297	2,160	13.2
1955	16,563	2,283	13.7				

[1] Preliminary.

Source: U.S. Department of Labor.

TABLE 20.—*Empoyment in U.S. textile mill products industry, by State*

[1959 average]

State	Rank	Employees	Percent of total	State	Rank	Employees	Percent of total
North Carolina	1	224,765	23.7	Rhode Island	11	30,374	3.2
South Carolina	2	130,036	13.7	Connecticut	12	16,149	1.7
Georgia	3	100,783	10.6	Maine	13	14,697	1.5
Pennsylvania	4	77,986	8.2	New Hampshire	14	12,806	1.3
Massachusetts	6	52,012	5.4	Ohio	15	12,663	1.3
New York	5	67,140	7.0	Illinois	16	9,899	1.3
Alabama	7	40,505	4.2	34 other States		57,096	6.0
Virginia	8	35,887	3.7				
New Jersey	9	33,538	3.5	Total textile employment		948,150	100.0
Tennessee	10	31,814	3.3				

TABLE 21.—*Hours and earnings in the textile mill products industry*

ANNUAL AVERAGES

Year	Average weekly hours	Hourly average weekly earnings	Year	Average weekly hours	Hourly average weekly earnings
1950	39.6	$1.24	1956	39.6	$1.45
1951	38.8	1.33	1957	38.9	1.50
1952	39.1	1.36	1958	38.6	1.51
1953	39.1	1.37	1959	40.4	1.57
1954	38.3	1.36	1960	39.4	1.61
1955	40.1	1.39			

RECENT MONTHLY DATA

1960—January	40.3	$1.60	1960—July	39.8	$1.62
February	40.1	1.60	August	39.8	1.62
March	39.4	1.62	September	38.3	1.62
April	39.6	1.61	October	38.3	1.62
May	40.1	1.63	November	38.7	1.62
June	40.2	1.63	December	38.2	1.62

Source: U.S. Department of Labor.

TABLE 22.—*Textile deliveries to U.S. military forces*

[Thousands of square yards]

	1956	1957	1958	1959	1960 [1]
Total cotton and manmade fiber fabrics	47,108	56,434	47,430	32,347	13,330
Cotton fabrics, total	40,668	48,759	43,202	28,652	10,430
Airplane cloth	----------	364	768	1,234	9
Bunting	182	51	483	409	271
Drill	795	1,821	3,109	----------	----------
Duck	8,173	6,908	486	5,827	2,097
Flannel	104	51	----------	60	143
Gabardine	----------	133	370	----------	----------
Osnaburg	113	1,006	1,193	1,482	1,306
Oxford	3,736	564	5,082	2,649	1,610
Poplin	2,232	3,943	4,836	3,134	----------
Print cloth	----------	2,116	----------	----------	----------
Sateen	18,464	27,494	14,695	2,366	130
Sheeting	26	212	424	3,435	112
Silesia	62	----------	----------	----------	----------
Twill	5,543	3,069	9,505	5,926	3,168
Webbing	1,241	1,026	134	312	330
Other	----------	----------	2,271	1,818	1,254
Manmade fiber fabric, total	6,440	7,675	4,228	3,695	2,900
Rayon twill	4,872	1,798	1,352	703	1,693
Noncellulosic fiber fabrics, total	1,568	3,724	2,849	2,714	851
Ballistic cloth	309	206	----------	----------	----------
Duck	750	2,391	199	235	163
Netting	----------	294	----------	----------	----------
Oxford	----------	106	1,858	1,030	103
Parachute cloth	28	71	266	590	55
Twill	----------	2,782	322	499	408
Webbing	481	27	99	45	81

[1] 1960—January-September data.

NOTE.—Data does not include fabrics delivered in the form of end products.

Source: Agricultural Marketing Service, U.S. Department of Agriculture.

TABLE 23.—*ICA expenditures [1] for fabricated basic textiles in the United States and offshore*

[Thousands of dollars]

Fiscal year	Total expenditures	Source, United States	Offshore	Percent in United States	Fiscal year	Total expenditures	Source, United States	Offshore	Percent in United States
1950	47,476	23,719	23,757	50.0	1956	46,208	11,280	34,928	24.4
1951	8,404	5,263	3,141	62.6	1957	96,322	7,211	89,111	7.5
1952	25,170	13,514	11,656	53.7	1958	68,047	10,484	57,563	15.4
1953	15,497	9,868	5,629	63.7	1959	48,088	5,376	42,712	11.1
1954	5,078	2,162	2,916	42.6	1960	44,290	4,452	39,838	10.0
1955	25,408	9,672	15,736	38.1					

[1] Covers expenditures for fabricated basic textiles made of cotton and manmade fibers by ICA (International Cooperation Administration.)

Source: International Cooperation Administration.

TABLE 24.—*U.S. merchandise foreign trade, exports and imports*

[Millions of dollars]

	Total		Agricultural products		Nonagricultural products		Textile fibers and manufactures	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
1950	10,142	8,743	2,873	3,987	7,269	4,757	1,552	1,055
1951	14,879	10,817	4,040	5,179	10,839	5,638	1,970	1,495
1952	15,049	10,748	3,431	4,519	11,618	6,229	1,537	1,110
1953	15,652	10,779	2,848	4,185	12,804	6,594	1,168	926
1954	14,981	10,240	3,054	3,973	11,927	6,267	1,416	795
1955	15,421	11,337	3,198	3,982	12,223	7,355	1,103	994
1956	18,940	12,516	4,170	3,961	14,770	8,555	1,376	1,027
1957	20,670	12,950	4,505	3,965	16,164	8,985	1,744	1,009
1958	17,728	12,785	3,854	3,903	13,873	8,916	1,280	900
1959	17,383	14,987	3,949	4,098	13,433	10,888	1,109	1,176
1960 [1]	18,540	13,491	4,332	3,537	13,313	9,957	1,503	1,130

[1] 1960, January–November.

Source: U.S. Department of Commerce.

TABLE 25.—*U.S. exports and imports of cotton*

[In thousands of bales [1]]

ANNUAL TOTALS

Crop year (ending July 31)	Exports	Imports	Crop year (ending July 31)	Exports	Imports
1950–51	4,108	189	1955–56	2,215	137
1951–52	5,519	79	1956–57	7,598	137
1952–53	3,048	195	1957–58	5,717	142
1953–54	3,761	145	1958–59	2,789	137
1954–55	3,447	150	1959–60	7,183	145

MONTHLY DATA FOR CURRENT CROP YEAR

1960–61—August (4 weeks)	114	90	1960–61—October (4 weeks)	439	1
September (5 weeks)	193	22	November (4 weeks)	721	1

[1] Cotton exports are expressed in running bales, and imports in 500-pound equivalent gross bales.

Source: Bureau of the Census, U.S. Department of Commerce.

TABLE 26.—*U.S. exports and imports of textile manufactures* [1]

[Millions of dollars]

Year	Exports	Imports	Imports as a percentage of exports	Year	Exports	Imports	Imports as a percentage of exports
1950	517	451	87	1956	629	648	103
1951	819	539	66	1957	667	635	95
1952	660	513	78	1958	600	637	106
1953	640	464	72	1959	634	837	132
1954	621	440	71	1960 [2]	634	864	136
1955	615	585	95				

[1] The data includes all textile semifinished and finished manufactures; it excludes all unmanufactured fibers except synthetic fibers.

[2] Recent monthly data through November.

Source: U.S. Department of Commerce.

TABLE 27.—*U.S. exports and imports of cotton cloth*

[In thousands of square yards]

Year	Exports	Imports annual totals	Ratio of imports to exports	Year	Exports	Imports annual totals	Ratio of imports to exports
1950	546,629	47,799	9	1956	506,570	188,248	37
1951	781,035	45,779	6	1957	547,824	122,496	22
1952	756,331	36,337	5	1958	500,955	141,540	28
1953	617,220	64,300	10	1959	472,299	240,371	51
1954	599,011	73,456	12	1960 [1]	397,088	419,604	105
1955	537,493	133,252	25				

[1] Recent monthly data through November.

Source: U.S. Department of Commerce.

TABLE 28.—*U.S. exports and imports of manmade fiber fabrics*

[Annual totals]

Year	Exports (in thousands of square yards)	Imports (in thousands of pounds)	Year	Exports (in thousands of square yards)	Imports (in thousands of pounds)
1950	151,466	308	1956	192,743	2,773
1951	177,524	462	1957	171,429	3,284
1952	195,172	487	1958	156,767	4,865
1953	199,339	1,319	1959	168,004	11,012
1954	200,846	1,174	1960 [1]	141,984	9,688
1955	198,882	1,641			

[1] Recent monthly data through November.

Source: U.S. Department of Commerce.

TABLE 29.—*U.S. cotton yarn imports*

	Thousands of pounds		*Thousands of pounds*
1950	1,211	1956	184
1951	1,457	1957	161
1952	250	1958	835
1953	198	1959	1,381
1954	236	1960 (January–November)	14.216
1955	142		

Source: U.S. Department of Commerce.

TABLE 30.—*U.S. apparel imports* [1]

	Millions of dollars		*Millions of dollars*
1950	35.7	1956	120.7
1951	49.4	1957	124.1
1952	52.7	1958	138.4
1953	64.1	1959	202.4
1954	57.2	1960 (January–November)	215.7
1955	90.6		

[1] Data includes cotton, wool, synthetic, and silk apparel.

Source: U.S. Department of Commerce.

EXHIBIT B

THE PLIGHT OF AMERICAN COTTON TEXTILE EXPORTS

Early in 1947 wartime restrictions on exports of essential commodities were removed and in that year shipments overseas of American cotton textiles reached an alltime peak of a billion and a half yards. Except for a brief upturn during the Korean war, the trend since then has been downward. With the rehabilitation of wartorn industries and the renewal of international com-

petition, the industry was prepared for some contraction in its foreign trade but did not expect that shipments would descend to the levels of the last few years. It was assumed that international trade would resume its prewar pattern with Japan, Western Europe, United Kingdom, and the United States supplying the needs of the less industrialized nations of the globe. This assumption was quickly obliterated. Despite the growth of population and the rising living standards in many areas, the volume of cotton goods from all sources moving through international trade channels at no time since 1945 has exceeded 80 percent of the prewar, depression years' average.

This situation is a natural outgrowth of the worldwide craze for textile self-sufficiency which has led to a tremendous expansion of productive facilities and a veritable network of trade restrictions. Much of the encouragement for the development of textile industries in onetime importing nations has been generated by policies advocated by the American Government. In many instances industries established since the war owe their birth to outright grants by the International Cooperation Administration or to long-term generous loans by other Government agencies. Some of these industries, notably those of Korea, Formosa, Pakistan, etc., have expanded to the point where they are pushing for export trade and are shipping their products to the American market. It is our contention that aid programs should be devoted to social objectives—basic necessities, improved education, land reform, roads, hospitals, etc., and industrial development be left to private capital.

What is frequently overlooked is that establishment of textile plants in countries with not enough population to supply a base for mass production methods is downright uneconomic and unrealistic. Such industries, we have learned from experience, require such excessive protection and are so costly to operate that they are a deterrent rather than a help to living standards. In most countries of Latin-America and in many other lands as well, the prices paid for textile necessities such as shirts, overalls, housedresses, etc., are substantially above those for items of similar quality in American retail shops. Incidentally, there are textile experts who are of the opinion that successful operation of an efficient integrated textile industry able to satisfy the needs of consumers who want more than uniforms requires a mass market of at least 20 million.

The swift rise of these so-called local industries has seriously undermined the position of the older, traditional industries. U.S. imports of cotton manufacturers are now substantially in excess of its exports and the United Kingdom is in the same position. Unable to ship goods to traditional markets, most industries overseas are striving to increase sales to such relatively unprotected or open markets such as the United States and Canada. For example, principal exporters of countable cotton cloth to the American market at the present time, in order of their importance, are Hong Kong, Japan, Egypt, Portugal, Spain, India, France, Korea, Formosa, and Pakistan. With the exception of Hong Kong, which is a free port, and France, which has just liberalized restrictions, all of these countries have virtually embargoed imports of American cotton goods through manipulation of intricate controls. Japan has placed a unilateral quota on cotton goods exports to the United States but there is nothing to prevent any of the other countries listed above from seizing all they can of the American market.

As we have frequently pointed out to the Department of Commerce, the reciprocal trade agreements program, with the single exception of the treaty with Canada, which was negotiated back in the thirties, has been of no help to the textile export community. The concessions granted by the United States on foreign textiles are much greater and more mumerous than those granted on American textiles by other GATT members. What few concessions on textiles the United States has been able to obtain have been nullified in large measure by exchange restrictions. The GATT conference at Torquay several years ago permitted Cuba to raise duties on a wide variety of cotton and manmade fiber piece goods and led to a contraction in shipments to that onetime important market.

Of prime concern to the Department of Agriculture and to thousands of farmers is the chronic surplus of raw cotton. In order to whittle down this burdensome oversupply it has been found necessary to establish Public Law 480 and set up certain procedures by the International Cooperation Administration to enable foreign nations to purchase American cotton either for local currencies or as an outright grant in aid. Both the ICA and Public Law 480 specifically require that any expenditures from those funds for raw cotton must be pur-

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chased 100 percent in the United States. These provisions, unlike those on wheat and dairy products, do not include either cotton semimanufactures or manufactures.

Our industry has long insisted that these provisions, on the grounds of fair and equal treatment, be extended to cotton manufactures. A precedent for this is to be found in the cotton products export equalization program. Up to now the agencies involved have turned a deaf ear to all our pleas even though the extension could be done through administrative edict and would not require congressional action.

Among other major problems facing the American textile exporters are bilateral and barter trade agreements between various nations, which our Government will not consider and we do not dispute its right to prohibit such types of agreements.

Meanwhile, world trade patterns are undergoing a profound change. Principal trading nations, with the exception of the United States and Canada, seem to be moving away from multilateralism as a basic foreign trade policy and developing policies embodying both multilateralism and bilateralism. Adoption of these policies has led to the formation of so-called regional blocs.

The best-known bloc is the European Economic Community, the so-called Common Market, which includes France, Italy, Germany, Belgium, Netherlands, and Luxembourg. Established by the Treaty of Rome, and effective in June of 1958, the long-range objectives of this entity call for the abolition of internal tariffs, the establishment of a common external tariff on products from outside sources and, eventually, political integration.

Created in May of this year, the European Free Trade Association includes Sweden, Austria, Denmark, Portugal, United Kingdom, Norway, and Switzerland. Its aim is to abolish trade barriers between the member countries over a 10-year period. However, there are no plans for a common external tariff, so that each country will continue to apply its own schedule of duties on imports from other nonmember areas. Thus, all goods from British Commonwealth areas will continue to enter the United Kingdom at preferential rates.

Established by the Montevideo Treaty on February 18, 1960, the Latin American Free Trade Association brings together countries representing three-fourths of the total trade of South America—Argentina, Brazil, Chile, Mexico, Paraguay, Peru, and Uruguay. Under this program, negotiations among the member states will reduce tariffs by 8 percent annually until they are eliminated over a 12-year period. Steps will also be taken in the direction of the gradual removal of quotas, exchange restrictions, and other trade barriers within the seven-member group. In addition, Colombia, Ecuador, and Venezuela agreed, at a meeting in Bogotá in August 1958, on the principle of a customs union.

A Central American common market (ODECA), embracing Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua, is the aim of the Treaty of Tegucigalpa, dated June of 1958. It has been ratified by the legislatures of Guatemala, El Salvador, and Nicaragua. Panama may eventually join the group. Its long-range objectives call for the elimination of import and export taxes and reduction of tariffs over a 10-year period on certain specified products, particularly those produced in only one of the ODECA countries or not produced at all in that area. As incentives to industrialization, the program provides for trade and tax concession to certain industries as joint regional enterprises to attract investments in the community.

On February 6, 1960, El Salvador, Guatemala, and Honduras signed a pact establishing a customs union to permit the unrestricted movement of persons, goods, and capital, with certain limited exceptions. Automatic duty reductions would eliminate all tariffs over a 5-year term. Under the pact, which will be offered to both Costa Rica and Nicaragua for signatures of accession, member states will not be precluded from the ODECA common market plan.

Expansion of textile exports from Arab States is one of the objectives of the proposed Middle Eastern Common Market now being discussed in Cairo by representatives of the League of Arab States. Supporters of this economic bloc have consistently pointed out that since Middle Eastern countries are important producers of cotton, wool, and other textile fibers and have large reserves of cheap labor, it is logical that the bloc's goal should be the development of manufacturing facilities to lead to exports of textile fabrics.

An annoying problem and difficult to cope with lies in the pirating of printed and woven designs by foreign mills, principally in the Orient, which shows an utter disregard for ordinary commercial ethics. Not content with possession

of enormous competitive advantages derived from low wages and cheaper raw materials, through pirating American designs they manage to avoid the high costs of creating new patterns and winning consumer acceptance of them.

Oftentimes there is a sizable business available in foreign countries on textiles either through direct bidding or other means with the country involved utilizing either local or American aid funds. The American textile industry is seldom given an equal opportunity to compete for this business. We have found a major weakness in the reporting facilities of our commercial attachés abroad who either do not report the information back concerning available business or when they do it is too late or after the awards have already been made. We have found through personal contacts abroad that some of our American personnel in the embassies abroad take a defeatist position on anything regarding textile requirements and just assume that we are not competitive or could not obtain the business even if it were offered. This is a complete fallacy. Another handicap abroad lies in the fact that specifications are often purposely or inadvertently drafted in such a fashion that they comply only with goods manufactured in certain foreign mills and not in any way equal to or similar to products manufactured in this country. This, naturally, puts us at a much greater disadvantage.

We also have been further hurt by the dumping or political pricing of the Iron Curtain countries, mainly Red China, which have at times found it expedient to sell huge quantities of textiles to various areas of the world at prices way below cost. The solution to this problem is perhaps insurmountable.

Attached hereto are four tables which require careful consideration as they document the comments above and tabulate the position of American cotton textiles in world trade.

Table I lists 18 countries which accord relatively fair treatment to American cotton textiles. It should be emphasized that in practically all of these countries the American industry has been able to maintain a constant if not larger volume of trade in competition with other suppliers.

Table II lists 22 countries where substantial restrictions are imposed on American textile products. You will note that shipments to these countries are small and steadily decreasing.

Table III lists 24 nations of the world which have relaxed restrictions on American cotton textiles since January 1959. Most of these are members of the British Commonwealth which liberalized the convertibility of sterling early in 1959. In practically every nation of the world where there has been a liberalization of restrictions on American cotton textiles we have been quick to expand sales volume. Had it not been for liberalization in these 24 countries our exports would have fallen to a disastrous level.

Table IV lists 52 nations of the world which have raised insurmountable barriers against imports of American cotton textiles. No figures are shown as they are minimal because shipments are either negligible or nonexistent. We would like to repeat that many of these countries are the prime suppliers of cotton textiles to the United States and also receive substantial assistance from the United States, part of which is used to procure cotton textiles from other sources.

It seems to be the belief of some Government departments that there are many areas of the world seeking American textiles but that the primary reason why we have not shared in this trade is that American salesmanship, initiative, and intuition are lacking and that we are not qualified to take advantage of these opportunities. The figures in tables I and II, of course, substantially refute this argument, as it has definitely been proven that where restrictions are moderate we have maintained volume and in some cases increased it, and where there have been substantial reductions in restrictions we have been able to take full advantage of this situation by considerably increasing sales. It is folly to believe that we are completely noncompetitive in spite of low prices on textiles from the low-wage countries. There are many products of the American textile industry that appeal to foreign consumers whether they be special finishes, special patterns, special styling, or special constructions. We have the know-how, the facilities, and the salesmanship to do the job, but when we are faced with 22 nations of the world having substantial restrictions against our merchandise and a further 52 nations of the world that literally prohibit the importation of American cotton textiles, then we must emphasize that we are not afforded a proper opportunity to increase our trade abroad. We believe it unfair to subject us to any criticism for lack of aggressive salesmanship abroad.

The situation has deteriorated to the point where we must appeal as we have in the past but even more strongly to all segments of government for relief and certainly for a recasting of present policies which can result in nothing more than the liquidation of the American textile export trade. We have appealed for assistance to various Government agencies and congressional committees, without definite results. Unless corrective action is taken promptly the situation may well become tragic.

TABLE I

[In square yards]

	January to June 1959	January to June 1960		January to June 1959	January to June 1960
Canada	121,428,442	114,278,116	Belgium and Luxembourg	689,933	766,998
Guatemala [1]	4,174,660	4,986,027	Switzerland	857,316	782,424
El Salvador	1,001,310	1,981,124	Lebanon	581,367	756,338
Honduras [1]	2,222,417	3,057,603	Israeli	387,718	449,106
Nicargua	1,589,586	2,046,633	Thailand	2,467,112	1,877,021
Costa Rica	1,990,315	2,437,823	Hong Kong	1,340,112	2,138,607
Panama	3,087,893	4,186,284	Liberia	415,477	361,032
Haiti	2,562,213	4,636,972	Union of South Africa [3]	11,325,424	13,965,266
Dominican Republic [2]	3,853,611	4,244,825			
Netherlands Antilles	791,582	685,473			

[1] Recent severe increases in duties will practically eliminate further imports of some important volume items.
[2] Recent import controls will seriously reduce trade.
[3] Many fabrics prohibited by imposition of severe duties or refusal of import licenses.

TABLE II

[In square yards]

	January to June 1959	January to June 1960		January to June 1959	January to June 1960
Ecuador	1,300,662	2,978,777	Greece	196,365	210,910
Bolivia	35,028	1,017,690	West Germany	514,726	656,218
Mexico	381,646	562,609	Syria	93,998	39,724
Cuba	24,045,367	3,018,832	Iran	1,504,124	384,040
Colombia	393,313	290,506	Vietnam [1]	83,843	239,782
Venezuela	9,780,379	6,220,530	Indonesia	46,260	46,355
Chile	174,216	432,315	Philippines	18,264,643	18,848,733
Paraguay	48,302	66,770	Cambodia [1]	4,221	129,110
Uruguay	17,897	8,850	French Morocco	1,272,276	1,491,816
Argentina	154,403	237,040	Belgian Congo [2]	1,973,736	1,477,535
Iceland	566,853	388,104	Rhodesia	278,649	910,204

[1] With discontinuation of ICA financing expect considerable reduction.
[2] Future now very uncertain.

TABLE III

[In square yards]

	January to June 1959	January to June 1960		January to June 1959	January to June 1960
British Honduras	157,586	141,240	United Kingdom	103,612	4,584,852
Bermuda	74,612	82,320	Eire	841,268	793,244
Bahamas	47,298	173,755	Netherlands	1,145,546	716,896
Jamaica	508,820	1,798,294	France	63,638	414,105
Leeward and Windward Islands	162,361	352,648	Italy	121,321	715,534
Barbados	97,789	298,258	Iraq	276,426	548,501
Trinidad and Tobago	1,079,830	1,844,645	Singapore	378,314	469,283
British Guiana	245,765	720,506	Malaya	5,805	181,413
Surinam	591,478	789,773	Australia	422,154	9,410,833
Peru	844,385	1,417,389	French Pacific	272,684	305,099
Sweden	371,315	562,567	New Zealand	394,803	1,666,982
Norway	392,537	355,335	British East Africa		215,663

NOTE.—Practically all of above areas within British Empire where preferential duties still effective placing American products at a decided disadvantage.

TABLE IV

Countries Whose Purchases of American Cotton Piece Goods Are Negligible or Nonexistent

Aden	French Guiana	Okinawa
Afghanistan	Formosa	Oman
Albania	Ghana	Pakistan
Algeria	Hungary	Poland
Azores	India	Portgual
Angola	Ivory Coast	Rumania
Bahrein	Japan	Saudi Arabia
Borneo	Jordan	Somaliland
Bulgaria	Korea	Spain
Burma	Kuwait	Sudan
Canary Islands	Laos	Tanganyika
Communist China	Libya	Tunisia
Cyprus	Madagascar	Turkey
Czechoslovakia	Mali Federation	U.S.S.R.
Dahomey	Mauritius	Yugoslavia
Ethiopia	Martinique	Zanzibar
Egypt	Mozambique	
French Equatorial Africa	Nigeria	

EXHIBIT C

INTERNATIONAL COOPERATION ADMINISTRATION AND U.S. TEXTILES

For several years the American Cotton Manufacturers Institute, Inc., and the Textile Export Association of the United States have persistently sought from the International Cooperation Administration and other Government agencies involved a provision in the Mutual Security Act which would require quantitative allocations of ICA funds for the purchase of American textile products. Up to now no progress whatsoever has been made in this direction.

According to the New York Daily News Record of November 21, 1960, the ICA spent $44.3 million for textiles in the fiscal year ended June 30 and only $4.5 million, or 10 percent, was expended in the United States.

The breakdown of the textile procurement and the amounts and percentages spent in the United States follow: Cotton fabrics, $14.3 million, with $500,000, or 4 percent, from the United States; synthetic yarns, $13.7 million, with $500,000, or 4 percent, from the United States; synthetic fabrics, $6.3 million, with $3.2 million, or 50 percent, from the United States, and "Other," $10 million, with $200,000, or 2 percent from the United States.

In this connection, it should be mentioned that the relatively favorable showing in synthetic fabrics was due to the requirement in Vietnam for American goods. Since then ICA procurement for textiles of that kind has been discontinued, so the relative share of American participation has been reduced sharply. This development, if allowed to continue, could lead to a further drop in procurement here.

We would like to emphasize that ICA buys all of its raw cotton in the United States, in conformance with provisions of the Mutual Security Act. However, this treatment is not extended to American manufacturers of cotton grown here and which is a surplus agricultural commodity. It is our understanding that the bulk, if not all, of ICA purchases of such agricultural products as powdered milk, butter, flour, etc., are made in the United States.

It seems to us that the recent Presidential directive urging that every effort be made to curb the alarming outflow of gold and restore the balance of payments can be effectively served by diverting ICA procurement to American textiles. Current statistics indicate that the heavy influx of imports of textile manufactures plus loss of dollars through procurement overseas contributed about $300 million to the loss of reserves this year. Solution of the import and procurement problem would go far toward correcting the gold crisis.

In spite of our many protests, either individually or collectively, we unfortunately have had no consideration whatsoever given to our problem by the ICA authorities and it seems that we fare worse as each allocation is issued. There is only one conclusion we can reach and that is that there seems to be a deliberate effort to avoid purchasing American textiles. This may sound blunt but we have gathered together documentary evidence which we feel supports this contention.

It is because of this that we are here today requesting that this matter be thoroughly explored. It appears to us that every conceivable device is being utilized to make it practically impossible for the American textile industry to participate in your program and this we feel must be corrected, not only for the benefit of the American textile industry, but also to conserve our valuable dollars and gold which is of such concern to all of us.

To substantiate the remarks above we are submitting to you information supporting our contentions and after consideration of these presentations is made we hope that the textile industry of the United States will be given a fair opportunity to participate in the expenditures of American taxpayers' money allocated abroad for the procurement of textile products.

The argument has been placed before us that the American industry is not competitive. This we have refuted from time to time and have cited specific examples where procurement abroad could have just as advantageously been made in the United States. We do not claim that we are the lowest priced producers and that we are always capable of giving the most for the dollar but there are innumerable instances where we could have shared in this business if granted equal opportunity.

Attached are certain specific examples of the difficulties the textile industry has had in attempting to secure an adequate share of the total business procurement authorizations of ICA.

It is our belief that investigations of these cited examples should be made by your administration to verify that they are correct and that whatever corrective action is necessary should and must be taken.

The true solution, however, to this whole matter and the basic reason for our presenting this entire case to you at this time is to once again enter our plea for reasonable consideration by your personnel in Washington as well as abroad and a desire that we be given at least an opportunity to participate in this business. Better still, and in line with President Eisenhower's directive, we feel it is essential in the interests of conserving gold and dollar exchange that all procurement of textile products be made in the United States. There may in some instances be some additional costs but we are sure the total involved will be quite small and the resultant benefit to the United States as a whole and the textile industry in particular would be manifold. It must be borne in mind that our textile industry at the present time is not running full production and is not employing its maximum requirement of personnel due to an economic slowdown in this country and that any assistance in the way of additional business as a result of ICA procurement would at this time be of great assistance to the industry in general and even to the employment of additional personnel and the resultant benefits to the U.S. Government in the payment of corporate taxes which we are sure would more than outweigh the disadvantage of perhaps a slight additional cost for the products required in these countries abroad.

Mr. CHEATHAM. Again may I express on behalf of my associates, Mr. Jackson on my right and Mr. Brandis on my left, our deep appreciation to this committee for taking this matter under advisement and for permitting us to appear before you.

We thank you.

Senator PASTORE. Thank you.

Senator THURMOND. I want to thank you on the very fine statement that you have made here.

There has been made a study by the Foreign Industry Committee staff.

I don't know the details but there have been some recommendations and suggestions made about which I am very much concerned about.

On page 4 it reads:

More specifically in terms of foreign trade policy, if the national interest argues against the restriction of an import and if the competition from that import is in fact injurious to the American industry, remedies other than import restrictions should be available. This report proposes the alternative remedy of adjustment assistance. The resources of government should be

brought into play to assist the affected industries to improve productivity, move into new and more competitive lines, or otherwise adapt to the competitive situation without undue hardship.

As I construe that—and the reason I use this is because I have read elsewhere about suggestions being made that we should not have any restrictions on imports; that if the textile mills are unable to compete they should convert to some other type of industry and let the Government pay their conversion cost. To me that is despicable. I don't know how you feel about it. I wonder if you are in a position to express yourself or to express the opinion of the ACMI on this particular point?

Mr. CHEATHAM. That sounds to me more like theory than actual practice. Those proposals have been made. I don't know that anybody has effectively carried them out. When you tell a country Georgia weaver who is running 3 days a week that is a part of an international trade program and policy and he is on short time, it sort of has a hollow ring to it. If you want to pick him up and move him to another section of the country, that is not so easily done.

What this industry needs is just a fair break. We need to improve our profit picture which would in turn enable us to spend more money on research, more money on marketing, maybe have better depreciation rates, that sort of thing, to get this industry back into the dynamic and major industry that it should be. All those things would help.

Senator THURMOND. In other words, you are not in favor of just throwing your hands up and going out of the textile business. You want to remain in the textile business, don't you?

Mr. CHEATHAM. We certainly do, sir. It is probably the Nation's oldest industry. It is a vital industry. In the primary mills we are employing nearly a million people, and a million and a quarter in garments; if you bring in the fiber manufacturers' plants, the cotton producers, the figure goes into many millions. It is a basic industry; it is an old one; and we are here to stay.

Senator PASTORE. If the Senator will permit an interruption——

Senator THURMOND. Yes.

Senator PASTORE. What concerns me more than anything else has been the trend that we have been drifting into. Of course, it seems to be getting progressively worse. It is true that it was bad enough 3 years ago when we issued recommendations. And yet we were told at that time—even at that time we were fed a diet of these cliches which when you put them into practice, usually mean nothing at all.

As you said, a man has a family, has children going to school, and they have social contacts. You can't lift that family from one place and transport it to another.

First of all, where will they go? There are 5½ million people out of work in the United States of America anyway. But nobody has tried to tie down our unemployment trend vis-a-vis what has been happening in our international trade, which is another element that has to be considered and has to be studied.

During the past 2 years our employment situation has become much worse than it has been for a long, long time. I think that if you look at the trends in the textile industry, not that all of the unemployment of the United States of America is in the textile industry or that it can be charged up to the textile industry; I don't mean to infer that

at all. But if you look at the history of the unemployment situation in the United States of America in the past 2 years, and if you look at the history in the decline of the textile industry, I think that you will find the same kind of a story. And yet we just sit back and we satisfy ourselves with a lot of high-sounding cliches without anything practical being done about it.

I don't think that the situation in the textile industry is so bleak that we have to revolutionize our whole thinking on international trade.

You will remember 3 years ago, when we were studying this problem, we were not getting the remonstrances on the part of the garment industry as much as we are now. We were saying then that the trend is going that way—and look at the garment industry today. Whereas 3 years ago it was not a matter of major concern, today it is a matter of major concern, because not only is the cloth coming in rolled up in the yardage that we have been talking about, now it comes in under the manufactured garment, which is another serious trend.

I think that the time has come when we have to look at this realistically, and we have got to find out where we are going. We have to check these trends and see if we cannot do something in unity, in harmony with our friends, to make them realize that the worst thing that could possibly happen to them is to overexpand their own industry in the hope that they are going to sell this to the American consumer and find out one day that the American consumer is not there because he is out of a job.

I think it is good for them as well as for us, because there is only so much that the United States of America can consume. This idea that every textile-producing country in the world is producing to satisfy the American market is a fallacy that one day is going to come to plague us.

Do you agree with that?

Mr. CHEATHAM. I certainly do. You are entirely correct. If these same figures since 1948 are projected, it won't go quite 5 years. It will be four and a fraction years, if the same increase is carried forward. There won't be 1 yard of cotton, manmade fiber or woolen cloth produced in this country if that trend continues.

Senator PASTORE. My own State just closed down a historic plant, the Saylesville Finishing Co. I don't say you can charge this to imports, because it plays a part in it, if you look at these statistics—700 people were thrown out of work. You just can't lift up those families bodily and send them to another part of the country. This is America. We just don't act that way. You can't regiment your population that easily.

You can't tell a man whose children are going to school and whose wife has a family in a certain community that the time has come, "We will put you on a covered wagon and send you to another part of the country."

It just is not being done. Anyone who talks like that really is not considering America in the light that America exists. It just is not that way.

These ideas that are being expressed might sound all right in the written word, but certainly they have no practical effect. That isn't the solution to our problem.

I quite agree with you, it is not that we want to exclude all imports. I think what we ought to do is decide at some juncture here just how much of a domestic industry must we have if it is to be considered in the light that it is the second most essential important industry next to steel in our Nation's defense.

When we have determined just how much of a domestic industry we need to have in the United States of America, and how much it can produce to satisfy our demands, then we have to determine what the balance might be and say to our friends, "Look, you can export to us that amount of goods, that amount of cloth, that amount of garments, if you want to keep us stable, and if you want to keep yourself stable." And that means a quota; it means a sensible quota.

We have already had the experience in the textile industry because Japan has invoked a volunteer quota. But as you brought out, we used to export 70 percent of all our exports in textiles, and we are having trouble with other nations who don't have a quota system.

If we have experimented with a quota on a voluntary basis with a foreign country and it has worked out well, why should it be such an anathema now?

Thank you very much.

Mr. CHEATHAM. It is not, Senator. We are delighted that you feel as strongly about this matter as you do.

Thank you very much for letting us appear before you.

Senator PASTORE. Mr. Thurmond?

Senator THURMOND. I want to say for the record that I have been charmed by those magnificent remarks of our chairman. I am heartily in accord with him. I think he has covered a good many questions that I intended to ask Mr. Cheatham.

Mr. Cheatham, I want to say that under the theory that has been suggested here, would it seem fair and just for our Government to allow imports to come into this country in such excessive amounts that it would be necessary to pick up a weaver in Rhode Island, New Hampshire, Georgia, or South Carolina, and take him out to Colorado, say, as an aviation mechanic?

Does that seem to be just and right, living under the type of government that we live under?

Mr. CHEATHAM. I would not think so, sir.

As Senator Pastore pointed out, there is unemployment in other industries that they are talking about moving them into. I think it would be carrying coals to Newcastle in some respects.

Senator THURMOND. Also, would it seem to be just and proper to let imports come in to such an extent that it closes down a textile industry in any of those States that I mentioned, or in any other State that has a textile industry, and make it necessary that that man go into some other type of business and start all over again after he has become skilled in the textile business?

Isn't that a loss of manpower in this country, and isn't that unjust to the individual?

Mr. CHEATHAM. It certainly is, sir.

As you point out——

Senator THURMOND. Does it make much sense that our Government would follow a foreign policy that would permit such excessive imports to come into this country that would destroy any industry in this country?

Mr. CHEATHAM. No, sir; it does not make sense, but that is exactly what is happening.

Senator THURMOND. Certainly an industry, as Senator Pastore mentioned, and as was brought out in the hearings we held several years ago, that ranked second only to steel in the matter of national defense, what would happen to this country if we became dependent upon receiving our textiles from foreign countries and we got into a war and we were unable to get those textiles from other countries during wartime?

Wouldn't the defense of this country be tremendously handicapped?

Mr. CHEATHAM. Yes, sir; it would be a national calamity.

Senator THURMOND. And nothing less than that?

Mr. CHEATHAM. I would not think so.

Senator THURMOND. I presume then, from what you have said, that you are not in accord with the suggestion that has been made that our Government arrange, because excessive imports come in, to simply convert to some other business and make adjustments to that effect by the Government?

Mr. CHEATHAM. No, sir.

Senator THURMOND. Furthermore, isn't that changing our entire philosophy of government in this country, of competitive enterprise? Isn't it competition, private enterprise, that has given the incentive and laid the foundation that has made this country the greatest country in the world, that has given our country the highest per capita wages and the highest standard of living of any country in the world?

Mr. CHEATHAM. Yes, sir. You have made a fine point there; it has, Senator.

Senator THURMOND. And if we change that concept and go on the concept that now, if any industry becomes weak and cannot make it because of our foreign policy of permitting excessive imports to come in, that they will be forced to convert to some other type of business with Government assistance, isn't that a dangerous philosophy and isn't it approaching a more socialistic philosophy than we have ever known in this country before?

Mr. CHEATHAM. You are entirely right, Senator, particularly in the textile industry. We consider it to be one of the finest examples of really free enterprise in action. Eight thousand companies, scattered in 44 States, all over the United States, competing with one another, each working in its own way. We have a story to tell on our contribution to inflation. Using the 1947–49 figures, textile prices at mill level are 7 percent below the 100. It is now at 93. Whereas, all other prices are up 25 percent, from 93 to 126.

That is a fine story of hold the line on prices to tell.

A large part of it is due to the competitive nature of the type of free enterprise system we operate in.

Senator THURMOND. The textile industry has made its own way in the past; it has given employment to more than a million people; it ranks second in importance to steel in the matter of national defense of this country, and isn't it vital that our country pursue a policy that will protect such an industry in the future?

Mr. CHEATHAM. It certainly is, sir. All we ask is just a fair and decent break and we can do all the things that you enumerate.

Senator THURMOND. Isn't it true that if our Government will—as you recommended in your statement here, which I thought was a very fine summary, that there is only one satisfactory solution, the establishment of import quotas by country and by category—if our Government would do that one thing alone, wouldn't it solve to a large extent the ills of the textile industry today?

Mr. CHEATHAM. Yes, sir, it would.

In the first place, it would remove the uncertainty that is coming in now, not knowing next month whether you are going to be flooded with boatloads of something now that had not been coming in before, you would know the origin of those fabrics, what they were, what types, and something about the market.

Yes, sir, it would help immensely.

Senator THURMOND. It is true that we need reform in the tax structure to allow more realistic depreciation in the matter of machinery and equipment, isn't it?

Mr. CHEATHAM. Yes, sir.

Senator THURMOND. This would help?

Mr. CHEATHAM. Yes, sir.

Senator THURMOND. And this could be accomplished?

Mr. CHEATHAM. Yes, sir.

Senator THURMOND. And if those two things alone were done, the textile industry could be put on a sound basis within a reasonable time? Do you not believe this?

Mr. CHEATHAM. I feel reasonably sure it could.

Senator THURMOND. Do you know of any country in the world today that permits imports to go into it where those imports would destroy a local industry there?

Mr. CHEATHAM. No, I do not, sir.

At least in the textile field. I know in some of these international meetings we go to that some of our colleagues from other nations cannot understand why we permit it in this country, when they don't do it themselves.

Senator THURMOND. Isn't it a matter of fact, Mr. Cheatham, that in other countries they have at least four ways of protecting their industry in matter of imports: they control them by tariffs; they control them by quotas; they control them by imports licenses, and they control them by currency control?

And aren't those methods practiced in other countries?

Mr. CHEATHAM. Yes, sir; and in our brief we list a few more practices that some of them are using on our exports right now, Senator. You are entirely right.

Senator THURMOND. There is no other country in the world today that I know of that permits imports to go into it to such an extent that they are destroying an industry in that country as is the United States in permitting excessive imports to come into this country thereby destroying the textile industry. Or do you know of any?

Mr. CHEATHAM. I do not, sir. I do not know of one.

Senator THURMOND. Thank you.

Senator PASTORE. Senator Cotton?

Senator COTTON. Mr. Cheatham, I associate myself with the chairman and Senator Thurmond in complimenting you on your presentation and welcoming you to this committee.

I have been looking over very hastily but with appreciation your exhibits. I wonder if I could ask you and your associates to briefly and in summary amplify one or two points that may be brought out in the record.

It has been my experience that many people, even including some Senators, maybe, who read the record perhaps—our assistants do—but sometimes we do not actually study the exhibits, which means some valuable information escapes us.

The matter of the new plant equipment, which is covered in your table No. 3, it indicates to me that in the year 1960 the textile industry plowed back more money in new plant equipment than in any year recently, although there could be a light retrogression on that point in 1961.

How do the expenditures of the textile industry by and large—I realize this is purely an educational conjecture—compare percentage-wise in these last lean years with the early years in the matter of the proportion of earnings that went back into modernizing plants and equipment? Is that too much of a mouthful?

Mr. CHEATHAM. I get your point, sir, but I don't believe we have that figure with us. We would be delighted to supply it to you.

Senator COTTON. Is it a fact that considering the austerity program that the textile industry has been forced to practice, because of increasing competition, the textile industry has still been able to put back into new plant and equipment a rather astonishing amount of money, considering their general financial condition?

Mr. CHEATHAM. That is true, sir, and the stockholder is the investor. He is the one who has had to wait a little. You will notice last year we had $520 million estimated that went back into plant and equipment.

Senator COTTON. Is that just cotton textiles or all textiles?

Mr. CHEATHAM. That is all—synthetics, woolens, and all.

I might explain that figure with the condition the industry is in, going back to Senator Pastore's remarks. We were at the top of this cycle and we had had a relatively good year. Nothing comparable to all manufacturers, but it was good for us, and that amount of money went in. A part of that has lagged over into commitments for 1961. But, if this trend continues, you are going to see that go right back the way it has been.

Senator PASTORE. Don't you think it might be advisable to suggest to the witness that in any event where they are accompanied by staff members who have been making statistical studies that any question that is put to the witness he may delegate to one of his assistants, to identify himself and answer.

Senator COTTON. I implied that when I said you and your associates.

Senator PASTORE. Rather than have it go to and fro. If it is a matter which has been studied by somebody else, we would like to get the benefit of that in the record.

Senator COTTON. Have you or your associates any general observations as to how our plants compare in equipment and modernization today in this country with the plants of our foreign competitors?

Mr. CHEATHAM. I will ask Mr. Jackson, on my right, to answer that.

Can you handle that, Bob?

Mr. JACKSON. Senator Cotton, as a general statement I would say that the American textile industry is in better shape physically than most of the other industries of the world.

There are some important exceptions. The exceptions being primarily those areas which were badly damaged where the industry was virtually removed during the war and which have been rebuilt since and rebuilt with the most modern equipment that the world can provide.

Senator COTTON. May I interrupt you to inquire: partially at the expense of the American taxpayers?

Mr. JACKSON. In many instances, yes. There is a relationship between our foreign expenditures, foreign-aid expenditures and the rebuilding and upbuilding of these facilities.

I don't think there is any question but that the American textile industry is still the most efficient in the world. I think that relative to labor costs, raw material costs, and other costs, the American textile industry is the world's most efficient. But it obviously isn't efficient enough to overcome a raw material difference, in the case of cotton, for example, of about 20 percent, and a wage difference that ranges anywhere from one-half to several times less in foreign countries.

But getting back to these figures that you were referring to——

Senator PASTORE. Mr. Jackson, why don't you finish that thought?

Mr. JACKSON. All right, sir.

Senator PASTORE. In other words, this admonition that we improve our technology and improve our efficiency and compete with foreign imports. You are saying to me that we have achieved about all the efficiency we can, but there are certain elements we cannot overcome?

Mr. JACKSON. That is exactly right.

Senator PASTORE. In other words you don't envision an increase in our efficiency or our productivity that will overcome this differential in raw material costs and the differential in wage costs.

Mr. JACKSON. We don't see how it is conceivable that it can. We are making important increases in our productivity. The record speaks clearly on that over a period of the past 12 or 15 years. It reflects the research that is going on in the industry; it reflects these expenditures for new plant and equipment in the past 10 or 12 years.

I think the industry has clearly demonstrated that given any sort of reasonable earnings it plows those earnings back into improved plant and equipment. When you compare the expenditures here in the textile industry for new plant and equipment, or improved equipment, relative to its earnings versus expenditures of other American industries for new plant and equipment relative to their earning rate, you will see that textile stands in that relationship very high on the list.

Senator Cotton, there is this factor: there was a time, undoubtedly, when the textile industry, like most other American industries, had a pretty sharp edge on industrial know-how, on all the techniques of industrial production. But that isn't true any more. I think it is certainly not true in most instances, and we know it is not true in textiles. The very fact that textile manufacturing is probably the world's oldest industrial art means that the advances in textile manu-

facture have been more rapid, more constant; there is more background behind them over a period of generations. Now, with the very latest developments of textile manufacturing facilities all around the world, and certainly not all of them confined to the United States, it simply means that any textile manufacturing nation, apparel or basic textile manufacturer, can get the same equipment that we can.

They have the advantage of all the technical know-how that we have. We simply don't have a monopoly on it by any means. So the trend is going to be toward other countries catching up with the United States in their productivity, simply because they have access to the same things that create increased productivity in this country.

Senator COTTON. You have brought out very well, and it was the purpose of my question to bring out exactly what the chairman mentioned, to test the accuracy of some of these statements we hear that imply, at least—they don't always say it, but imply—that part of the plight of the textile industry is the result of poor planning and not aggressive enough action on the part of American management and American textile machinery.

I want to develop that by two short questions further, that general thought, to test this accuracy. Where, today, is the best and most efficient textile machinery manufactured? Here? Abroad? Or both? Can anyone tell us that? In other words, what I am getting at is another thing that I have been hearing, that it is all right to let foreign textile industry take our markets away from us because we get the money back because they buy the machinery here. That is another thing that is thrown at us. I am interested to know who makes the machinery.

Mr. CHEATHAM. I would say that it is made in three different localities—four, really: The United States—a lot of it in your territory, Senator Pastore—Hopedale, Whitensville, and Sockholtz, places of that type—through some of the larger English companies, Switzerland, and Japan.

As far as the export of the American textile machinery industry, I don't believe that is a very large item.

Senator COTTON. As a general summary, would you say that they make as efficient textile machinery abroad as they do here?

Mr. CHEATHAM. I would say generally, yes. But in certain areas one might overcome the other. We have made developments in certain fields that haven't been done by the others, whereas they have some things that we think are quite modern.

Senator COTTON. The next question along this general line that I would like to ask you or your associates, if you can give us a little summary on it, another thing we hear is that we are missing the boat because of lack of aggressiveness and forethought in research. What would you say about the program of the American textile industry in the matter of research and corollary to that, how useful or effective Government research is in assisting the textile industry and in general if there is anything to that statement, that we aren't keeping abreast in the matter of research and that we could overcome some of this differential if we could?

Mr. CHEATHAM. I would like our chief economist, Dr. Brandis, to answer that.

Mr. BRANDIS. Senator, I would make two general answers to that.

Your question falls, I believe, into two parts. One, what is the situation in the domestic textile industry now with respect to research activities; and secondly, in what ways can the Government assist those activities.

Senator COTTON. I am more interested in what ways the Government actually is assisting now. In other words, I am interested in what percentage—you can't reduce it that way but how much are you depending on your own research, how much on Government research. And how have both programs increased or decreased in the last few years?

Mr. BRANDIS. Actually practically all the technical market research being carried on in the textile field in this country is carried on by the textile companies themselves. Of course we do have an excellent statistical program going on in the Department of Commerce, which is very helpful in basic market information.

Senator COTTON. Now you are taking about market research.

Mr. BRANDIS. Yes.

Senator COTTON. How about research—perhaps you don't call it research—planning, or whatever it is, in the matter of keeping abreast and in advance of styles and that sort of thing?

Mr. BRANDIS. The industry here brings out thousands of new styles, fabrics, finishes, annually. I think that perhaps the clearest answer to the people making the argument that the reason we suffer from imports in this industry in this country is that we do not have a proper research and planning and styling and so on, is simply to look at the nature of the imports. These imports, in certainly 98 percent of the cases, are precisely the sorts of fabrics and finishes which we are manufacturing here. It is not that these are—except in a few isolated instances which the witness referred to in his prepared testimony—it is not because the research overseas, the planning, the fabric design, the development of new finishes, and so on, is so much in advance of here that we suffer from imports. If that were the case we would see the difference in the imports. But they are indistinguishable on the retail counter except that they contain a labor factor which would be referred to and properly in this country as sweatshop.

Senator COTTON. I diverted you from your first answer. We will go back to that in a moment. While we are on the matter of styling, I notice in your exhibit B a very interesting statement, at the bottom of page 5. It says:

> An annoying problem and difficult to cope with lies in the pirating of printed and woven designs by foreign mills, principally in the Orient, which show an utter disregard for ordinary commercial ethics. Not content with possession of enormous competitive advantages derived from low wages and cheaper raw materials, through pirating American designs they manage to avoid the high costs of creating new patterns and winning consumer acceptance of them.

Would somebody amplify that a little more? That is very interesting.

Mr. BRANDIS. Senator, let me say that this is the other side of the coin that we were talking about a moment ago. Of course there are reputable manufacturers and shippers overseas. We do not mean to imply in this statement that all the imports which come into this country from the textile field are copies or stolen designs or anything of that sort. But there is a tremendous handicap, and it is one of the

things which does contribute to the unquestioned multiplied impact on this market pricewise of an uncertain volume and source of imports in the future.

I would like to amplify also, if I may, just briefly, the answer—to continue a moment—the answer to the question about research.

As you know, there are quite a number of college-level textile schools in this country, most of which were covered in your earlier study; your earlier investigation. You held some meetings with one or more. And the research activities going on in those schools and those technical laboratories are quite impressive.

In addition, large numbers of manufacturing firms in this industry maintain technical research laboratories; an addition to vast—looking again at the design problem—in addition to vast numbers of designers, fashion specialists, artists, and so on, who are engaged constantly in developing the very newest things which will be worn by ladies and men here next year and so on.

Senator COTTON. To me as a layman textile includes research in the technicalities of producing cloth fabrics; research in marketing practices; and research, if you want to call it that, in styling.

Is that reasonably correct?

Mr. BRANDIS. Yes, sir.

Senator COTTON. Are there any other fields covered by this general word "research"?

Mr. BRANDIS. I think that you have covered the major divisions of what we consider research and our concept of it. Yes.

Senator COTTON. What country or countries, if you can tell me, either excel or rival us in the production of new designs and new styles?

Mr. BRANDIS. In terms of quality and variety, I do not believe there is any other country that would have the same number annually of new styles or designs as we do here.

Senator COTTON. What other country would come nearest to rivaling us, would you say, or could you say? Country or countries.

Mr. BRANDIS. This again is partly a speculative answer. I have not visited all these countries. But I do believe that the Japanese and the West Germans, the French, the Italians, do a good job in terms of number and variety of style and design. But I am sure that none of those individually would approximate the number that are produced here in any given season.

Senator COTTON. If you conceivably—let's dream a little bit—if you had money enough and your profits permitted you to double your research in the field of textiles, in all of these fields, what appreciable effect would that have in closing the gap, if any effect, with the problem we are facing today with foreign competition?

Mr. BRANDIS. Senator, you couldn't possibly close this gap through research efforts in the areas we have discussed. I want to make it perfectly clear, if I may, in the sense that we must continue, and we plan to continue—as these expenditures indicate, which we were just looking at, the table on investment in new plant and equipment—we will continue and must continue, so long as we are to survive in this country, constant improvement efforts. But we do not kid ourselves in the industry that we could by any multiplied factor applied to present

research expenditures in any one of the three areas that you have so correctly described, meet the problem of import competition.

In the first place the secrets of research technique are widely known. They are not limited to any one country. The human brain is worldwide.

Furthermore, there is no way on earth that I have ever been able to think of, or that I have ever read that anyone else has ever thought of, of how you can restrict any given research development from applying on a cost structure so far below our own because of a difference in standard of life and stage of economic development; I don't see that you could ever develop any single invention or idea which wouldn't be producible at a much cheaper cost in some other country.

Senator COTTON. In other words, from your study and in your opinion any statement to the effect that we could even partially solve this problem either by advances in machinery and equipment or by advances in research, is entirely wrong. We are doing a job on that; we are not falling down on the job in either of those fields at the present time; is that correct?

Mr. BRANDIS. We are not falling down in either of those fields, but any advances in those fields cannot possibly solve the problem of imports.

Senator COTTON. Thank you.

Now just one or two more questions. One is referring to your exhibit B, which is a most interesting exhibit. There you have listed table I, a group of countries that have been in a sense fair and scrupulous in trying to cooperate with us in the matter of imports and exports; is that correct?

Mr. BRANDIS. This is a rather mixed list, but in general; yes, sir.

Senator COTTON. In other words, these countries have not had recourse, at least have not abused the use of export licenses and other expedients to discriminate against us?

Mr. BRANDIS. Let's say that that is the case of some of these, but not all of them, as the footnote would indicate. For example, in the case of the Dominican Republic, as the footnote indicates, recent import controls will seriously reduce trade there.

In the case of the Union of South Africa, many fabrics are prohibited by imposition of severe duties or refusal of import licenses, and so on. But as you indicated, most of these countries—as the statistics show—do permit some importation of U.S. goods, though in most of these instances under rather difficult circumstances.

If we move on back to table IV, in the case of the cotton end of the export business, the cotton fabric end, we just practically can't, for one reason or another, sell anything.

Senator COTTON. It is hoped that a good deal of attention by this committee and by others interested, both in and out of Congress, will be given to tables I, II, III, and IV of your exhibit B, which would certainly give us the worldwide picture on what we are up against in the matter of foreign competition and in the matter of the great field of exports which we hear about every time we try to do something about imports.

Mr. BRANDIS. Exactly.

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Senator COTTON. I am interested in your exhibit A. At table 29, "U.S. cotton yarn imports," to me has a terrific impact, when you jump from 1959 to 1960, and you go from 1,381 pounds to 14,216. What is the reason for that? Can you throw a little light on that?

Mr. BRANDIS. Let me ask Mr. Cheatham to answer that. He is, among other things, a manufacturer of yarn. That isn't his sole product, but he manufactures it.

Mr. CHEATHAM. Senator Cotton, that is one that particularly interests us because that one I think points up the wide difference in raw material costs. The yarn that is coming into this country, there is very little labor content in it. By a small amount of processing, if we had cotton at the same price, I think we could compete with them perfectly all right. But that thing has just jumped as you said, overnight.

Senator COTTON. What cotton is that? I am interested in cotton.

Mr. CHEATHAM. We don't know what the origin of the cotton is. It could come from anywhere. But at the world price it is $30 a bale cheaper than what we pay.

Pardon me, I thought you meant the origin of it.

Senator COTTON. I did.

Mr. CHEATHAM. It is the same type of cotton we are producing in this country, the American upland variety of cotton.

Senator COTTON. Does cotton come from Egypt?

Mr. CHEATHAM. That is long staple. It could come from any one of a dozen countries, Mexico, Brazil, India, Greece, Pakistan, most any of them.

Senator COTTON. Thank you very much.

Senator PASTORE. Thank you, Mr. Cheatham.

Mr. CHEATHAM. Thank you, sir.

(The following information was subsequently submitted for the record.)

THE AMERICAN COTTON MANUFACTURERS INSTITUTE, INC.,
Washington, D.C., February 24, 1691.

Hon. JOHN O. PASTORE,
Senate Committee on Interstate and Foreign Commerce,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR PASTORE: When Messrs. Cheatham, Jackson, and I appeared before your subcommittee on February 6, we promised to supply for the record certain additional information. These statistical tables are enclosed herewith.

Respectfully,

R. BUFORD BRANDIS,
Foreign Trade Director.

Expenditures for new plant and equipment as a percent of after-tax profits for (a) all manufacturing industries, and (b) for the textile mill prdoucts industry

[Expenditures in millions of dollars]

	All manufacturing industries		Textile mill products industry	
	Expenditures	Expenditures as percent of profit	Expenditures	Expenditures as percent of profit
1950	7,491	58	450	74
1951	10,852	91	531	107
1952	11,632	108	434	164
1953	11,908	105	378	132
1954	11,038	98	331	290
1955	11,439	76	366	106
1956	14,954	93	465	136
1957	15,959	103	408	161
1958	11,433	90	288	152
1959	12,067	74	412	99
1960	14,450	(1)	520	(1)

[1] Total 1960 profits not available.

Source: U.S. Department of Commerce, Securities and Exchange Commission, Federal Trade Commission.

U.S. imports of cotton manufactures from Hong Kong and India

[Thousands of dollars]

	1958	1959	1960 (January–September)
Total imports of cotton manufactures	155,556	213,923	218,636
Percent of total	100	100	100
Hong Kong	18,434	50,053	56,607
Percent of total	11.8	23.3	25.8
India	855	4,424	7,738
Percent of total	0.5	2.0	3.5

U.S. cotton cloth imports from Hong Kong and India

[Thousands of square yards]

	1958	1959	1960 (January–September)
Total cotton cloth imports	141,540	240,371	367,098
Percent of total	100	100	100
Hong Kong	2,220	30,742	64,227
Percent of total	1.6	12.7	17.4
India	1,329	25,996	42,651
Percent of total	0.9	10.8	11.6

Source: U.S. Department of Commerce.

U.S. exports of cotton cloth to 14 major markets

[Millions of square yards]

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960 [1]
Canada	148	155	200	179	163	178	184	203	215	229	180
Indonesia	77	103	76	74	23	28	14	5	1	[2]	[2]
Cuba	65	45	54	44	59	54	44	49	43	53	8
Philippines	43	120	94	117	115	98	66	79	39	38	34
Venezuela	23	25	33	24	33	26	29	30	33	19	14
Haiti	19	15	15	11	13	8	10	9	11	8	8
Dominican Republic	14	12	15	12	13	10	12	11	10	8	8
Union of South Africa	13	72	27	15	31	25	23	38	30	22	21
Iran	11	28	9	2	2	1	1	2	2	2	1
Thailand	10	17	21	11	8	10	4	5	5	4	3
Costa Rica	10	7	7	9	8	6	6	7	5	3	5
Belgian Congo	8	14	16	4	5	2	2	4	3	4	2
Guatemala	8	7	9	11	9	8	10	12	15	9	8
Mexico	4	5	4	4	3	3	2	6	4	1	1
Other	94	156	176	100	114	80	99	88	85	72	104
Total exports	547	781	756	617	599	537	506	548	501	472	397

[1] January–November.
[2] Less than 500,000 square yards.

Source: Textile Export Association, Inc.

U.S. exports of man-made fiber fabrics to 16 major markets

[Millions of square yards]

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960 [1]
Cuba	47	34	31	24	26	21	14	12	11	10	[2]
Philippines	21	33	38	50	26	15	11	7	3	2	[2]
Venezuela	11	7	10	10	9	4	4	5	4	4	3
Canada	9	16	22	35	28	32	30	33	35	37	30
El Salvador	5	3	3	3	3	2	1	2	1	1	1
Panama	5	3	3	3	3	3	2	2	2	2	3
Union of South Africa	4	15	11	16	23	27	20	19	17	14	12
Indonezia	1	6	6	2	2	2	6	4	[2]	[2]	[2]
Hong Kong	[2]	4	4	9	12	14	9	8	6	6	5
British Malaya	1	7	4	7	8	7	4	5	[2]	3	[2]
Switzerland	[2]	[2]	[2]	1	3	10	10	11	8	11	4
Belgium	[2]	3	1	1	2	3	3	[2]	4	10	10
Sweden	[2]	2	1	1	1	3	4	4	1	5	5
Austria	[2]	1	[2]	[2]	[2]	2	3	4	3	3	1
Veitnam	[2]	[2]	[2]	[2]	[2]	[2]	6	4	6	4	2
Thailand	1	3	1	1	1	3	1	3	4	4	3
Other	46	41	60	36	54	51	65	48	52	52	61
Total exports	151	178	195	199	201	199	193	171	157	168	142

[1] January–November.
[2] Less than 500,000 square yards.

Source: Textile Export Association, Inc.

U.S. imports of cotton cloth by country or origin

[Thousands of square yards]

	1955	1956	1957	1958	1959	1960 [1]
Japan	99,533	142,943	86,522	104,049	98,989	66,434
Hong Kong	[2]	[2]	2,969	2,220	30,742	64,227
India	988	5,703	1,098	1,329	25,996	42,651
France	1,669	999	605	578	11,837	25,612
Spain	42	90	24	34	9,417	39,529
Taiwan	[2]	[2]	[2]	127	8,853	12,590
Korea	[2]	[2]	[2]	4,792	8,678	10,888
Pakistan	19	46	14	28	8,055	12,064
United Kingdom	9,283	11,690	7,797	7,023	7,384	4,202
Belgium	5,479	7,293	8,899	5,216	6,484	2,793
West Germany	3,293	4,974	3,426	3,291	5,616	5,636
Switzerland	5,440	4,834	2,760	2,739	4,145	5,254
Portugal	1	15	79	1,004	4,111	27,637
Netherlands	3,274	4,164	2,954	3,153	2,988	1,625
Austria	1,471	2,356	1,940	2,024	2,089	1,603
Italy	1,565	1,689	1,490	1,539	1,887	1,263
Canada	173	143	47	34	1,540	37
Egypt	256	823	984	584	835	37,571
Brazil	[2]	[2]	[2]	14	22	2,744
Israel	1	[2]	2	30	7	69
Mexico	140	88	166	1,124	4	1,374
All other	516	397	670	608	692	1,297
Total	133,252	188,248	122,496	141,540	240,372	367,097

[1] January to September.
[2] Negligible.

NOTE.—Totals may not add due to rounding.
Source: U.S. Department of Commerce.

Senator PASTORE. Our next witness is Mr. Seabury Stanton, president of Berkshire Hathaway, Inc., accompanied by Mr. William F. Sullivan, president of the Northern Textile Association.

I want to repeat now what I said to Mr. Cheatham: We are very happy to have Mr. Seabury Stanton, together with his two able assistants. I thank you once again for all the cooperation which led to the recommendations which we made 3 years ago. We look to your wisdom and your vision for some of the answers that I think confront this industry.

You may now proceed, Mr. Stanton.

STATEMENT OF SEABURY STANTON, CHAIRMAN, NORTHERN TEXTILE ASSOCIATION; ACCOMPANIED BY WILLIAM F. SULLIVAN, PRESIDENT OF THE NORTHERN TEXTILE ASSOCIATION; AND GEORGE A. DORR, JR., CHAIRMAN, WOOL MANUFACTURERS COUNCIL OF THE ASSOCIATION

Mr. STANTON. Thank you, Mr. Chairman. It is a great pleasure for me to be here again, and to feel that you gentlemen of the Senate subcommittee still have our interests at heart as deeply as you always have had in the past.

My name is Seabury Stanton. I am chairman of the Northern Textile Association, for which I speak today. I am also president of Berkshire Hathaway, Inc., which operates four mills in Rhode Island and three mills in Massachusetts. I am a member of the Textile Advisory Committee which was established in 1959 by the President on the recommendation of this committee, and I also serve on the New England Governors Textile Committee.

I am accompanied by Mr. William F. Sullivan, president of the Northern Textile Association, and by Mr. George A. Dorr, Jr., chairman of the Wool Manufacturers Council of the association.

Following my brief statement, we would be glad to answer questions which members of the committee may have.

I should like to submit, with the chairman's permission a written statement which includes statistical material, memorandums, and other data for inclusion in the record.

Senator PASTORE. That will be done.

(The statement referred to is as follows:)

TRENDS IN U.S. IMPORTS OF CERTAIN TEXTILE MANUFACTURES EXPRESSED IN MILLIONS OF SQUARE YARDS, 1958–60 [1]

U.S. imports of cotton, wool, manmade fiber and silk textile manufactures, measured in square yards of cloth, have more than doubled in the past 3 years.

	Millions of square yards			Percent increase, 1958–60
	1958	1959	1960	
Cotton manufactures	431	652	1,009	134
Wool manufactures	54	90	112	107
Wilton and velvet carpets	5	7	9	80
Manmade fiber manufactures	49	95	100	104
Silk manufactures	65	92	88	35
Total	604	936	1,318	118

From 1958 to 1959, there was an increase in all categories of 55 percent and in 1960 a further jump of 41 percent.

Imports of broadwoven textiles in the form of cloth, woven apparel, and other madeup woven goods accounted for over 80 percent of total imports in 1960. The balance is made up of narrow fabrics, yarn, knit goods, and other items made from yarn; 1960 imports of these types were sizable both absolutely and as a percentage of domestic production of cloth and yarn.[2]

[1] See explanatory notes of composite tables for calculations of estimates of 1960 import figures. Manufactures of flax, hemp, hard fibers, and jute are not included.

[2] The impact on the domestic broadwoven textile industry is measured by imports of broadwoven textiles in the form of cloth, apparel, blankets, and other madeup items. The impact on the domestic sales yarn market is measured by imports of yarn either in the form of yarn or as knit goods, narrow fabrics, and other products made from yarn but not woven. Domestic sales yarn figures are converted to square yards by means of factors used to convert imported yarn figures.

1960	Square yards		Imports as percent of domestic production
	Imports	Domestic production	
Cotton broadwoven manufactures	838,000,000	11,115,000,000	8.0
Wool broadwoven manufactures	73,000,000	450,000,000	16.0
Manmade and silk broadwoven manufactures	161,000,000	2,992,000,000	5.4
Wilton and velvet carpets	9,000,000	35,000,000	25.7
Yarn and yarn products, except broadwoven	237,000,000	3,751,000,000	6.3
Total	1,318,000,000	18,343,000,000	7.2

COTTON MANUFACTURES

Imports of cotton manufactures increased from 431 million square yards in 1958 to 652 million in 1959, or a rise of 51 percent, and jumped to over 1 billion in 1960, a further rise of 55 percent. The total increase from 1958 to 1960 was 134 percent.

U.S. imports of cotton manufactures by major types indicate that in volume, broadwoven fabric has shown the largest absolute increase from 1958 to 1960, while yarn has shown the greatest percentage increase. Imports of woven apparel have increased 83 percent since 1958 and now equal 60 percent of fabric imports.

	Millions of square yards		Percent increase, 1958–60
	1958	1960	
Broadwoven fabric	148	486	228
Madeup manufactures	55	58	5
Woven apparel	161	294	83
Yarn	4	76	1,800
Knit manufactures	19	35	84
Other manufactures [1]	44	60	36
Total	431	1,009	134

[1] The category "Other manufactures" includes approximately 5,000,000 square yards of coated, filled, or waterproofed fabrics and about 4,000,000 square yards of narrow woven fabrics. Excluded from the figures for imports of cotton manufactures are those relating to card or picker lap and cotton rags.

Of U.S. imports of all cotton manufactures in 1960, 83 percent consisted of broadwoven fabrics and products thereof such as shirts, shorts, dresses, and other woven apparel. This ratio is unchanged from 1958.

Whereas in 1958 and 1959 apparel imports were the largest percent of total cotton manufactures imports; 1960 imports of broadwoven fabric will be 65 percent more than apparel, although the latter category has shown an 83-percent increase from 1958 to 1960. Below is shown the percent each major type comprises of 1958 and 1960 totals:

[In percent]

	Broadwoven fabric	Woven apparel and madeup manufactures	Yarn and knit manufactures	Other
1958	34	51	5	10
1960	48	35	11	6

The following table shows how selected countries and groups of countries have increased their shipments of cotton manufactures to this country:

	Millions of square yards		Percent change, 1958–60
	1958	1960	
Japan	260	282	+8
Hong Kong	60	271	+352
Spain, Egypt, France, and Portugal	5	230	+4,500
Formosa, Pakistan, Korea, and India	8	112	+1,300
All other	98	114	+16
Total	431	1,009	+134

Cotton manufactures imports from Hong Kong in 1960 almost equaled the quantity of imports from Japan, traditionally by far the leading exporter of such goods to the United States, and accomplished this in about 4 years. In 1957, imports from that country were negligible; in 1958, she took 14 percent of the U.S. import market; in 1959, 28 percent; and in 1960 dropped slightly to 27 percent. In other words, although Hong Kong's share of the U.S. market declined by 1 percent in the last year, her exports in absolute amounts increased over 50 percent. This phenomenon has been caused by skyrocketing imports from such countries as Spain, Portugal, India, Egypt, Formosa, Pakistan, and Korea. The share of the U.S. cotton manufactures import market taken by these countries has jumped from 3 percent in 1958 to 13 percent in 1959 and 34 percent in 1960. For some countries such as Egypt, Portugal, and Spain, the tremendous increases are significant in that imports from these countries in 1958 were negligible.

Below is shown the percent certain countries and groups of countries comprise of total U.S. cotton goods imports for 1958 and 1960:

[Percent]

	Japan	Hong Kong	Portugal, Spain, Egypt, and France	Formosa, Pakistan, Korea, and India	Other
1958	60	14	1	2	23
1960	28	27	23	11	11

Nineteen hundred and sixty cotton manufactures import figures indicate that Japan is the primary source of these goods followed closely by Hong Kong. A breakdown of these imports by type indicates that Japan still leads the world in shipments of cotton broadwoven fabric to this country with 91 million square yards. However, that country is being seriously challenged by a whole host of countries, the more important ones being Hong Kong with 86 million square yards, India with 56 million, and Spain and Egypt with 48 million each. While fabric imports are distributed widely among nations, imports of made-up and apparel manufactures are concentrated heavily in Hong Kong and Japan. It will be noted that Hong Kong shipped 69 percent more woven apparel (161 million square yards) to the United States than did Japan. Portugal stands out among all the countries shipping yarn to the United States and accounted for 46 percent of 1960 U.S. cotton yarn imports. It will be noted that Japan and Hong Kong supply most of the knit goods imported into this country. Japan accounts for 92 percent of the "Other" category.

WOOL MANUFACTURES, EXCEPT CARPETS

Imports of wool manufactures from 1958 to 1959 increased 67 percent and increased again 24 percent from 1959 to 1960. From 1958 to 1960, these imports have more than doubled.

	Millions of square yards		Percent increase 1958–60
	1958	1960	
Italy	7	33	371
Japan	19	32	68
United Kingdom	18	20	11
All other	10	27	170
Total	54	112	107

From one of the smallest wool manufactures exporters to the United States in 1958, Italy has vaulted to first place in 1960, ahead of Japan which in turn continues to increase substantially her shipments of wool manufactures to this country. Even the United Kingdom has shown an 11-percent increase from 1958 to 1960 and other sources have increased by 170 percent. Hong Kong began to ship sizable quantities of woven apparel to the United States. It is estimated that her imports will exceed 3 million square yards in 1960.

The following table shows the percent increases in different types of wool goods expressed in millions of square yards from 1958 to 1960:

	1958	1960	Percent increase, 1958–60
Broadwoven fabrics	34	60	76
Apparel, not knit and blankets, robes and steamer rugs	4	13	225
Top and yarn	7	21	200
Knit manufactures	9	18	100
Total	54	112	107

Imports of broadwoven fabric and manufactures were 65 percent of total U.S. imports of wool manufactures in 1960 compared to 70 percent in 1958.

Below is shown the percent each major type comprises of 1958 and 1960 totals:

[Percent]

	Broadwoven fabric	Apparel, not knit and blankets, robes and steamer rugs	Top and yarn	Knit manufactures
1958	63	7	13	16
1960	53	12	19	17

Japan is second to Italy in sharing the 1960 U.S. import market for all wool manufactures, as well as for imported fabrics. In other fields, however, such as apparel, yarn, and knit manufactures, Japan ships into the United States more than twice as much as Italy. In other words, cloth comprises 82 percent of total Italian imports while for Japan, it is only one-half, for the United Kingdom it is 70 percent, and for the rest of the world it is only 11 percent. Whereas Italy, Japan, and the United Kingdom account for 76 percent of total U.S. wool manufactures imports, the same three countries account for 95 percent of U.S. broadwoven fabric imports.

WILTON AND VELVET CARPETS

U.S. imports of wilton and velvet carpets increased from 5 million square yards in 1958 to 9 million in 1960, or an increase of 80 percent. The estimated 1960 total represents over 25 percent of domestic production of such goods.

Belgium accounts for over half of these imports but Japan is seriously challenging her position. In 1958, Japanese imports were negligible. In 1960, estimated Japanese imports totaled 3 million square yards.

MANMADE FIBER MANUFACTURES

U.S. imports of all manmade fiber manufactures doubled from 1958 to 1960, increasing from 49 million square yards in 1958 to 95 million in 1959, an increase of 94 percent and increasing slightly again to 100 million square yards in 1960. Japan in 1960 continued to be the major factor, 74 percent, in the U.S. market for imported manmade fiber manufactures, increasing her shipments of such goods to the United States from 25 million square yards in 1958 to 74 million, or a rise of about 200 percent.

The following table shows 1958 to 1960 increases in major categories of manmade fiber goods imports expressed in millions of square yards:[3]

	1958	1960	Percent increase
Broadwoven fabric	20	39	95
Apparel, not knit	12	34	183
Knit manufactures	2	4	100
Other	15	23	53
Total	49	100	104

Imports of broadwoven fabric and manufactures thereof constituted almost three-fourths of all manmade fiber manufactures imports.

Cloth still remains the largest single category of these imports, as shown below:

[In percent]

	Cloth	Apparel	Knit goods	Other
1958	41	24	4	31
1960	39	34	4	23

Japan is by far the largest factor in U.S. imports of cloth and apparel, accounting for 85 and 88 percent of these totals respectively.

SILK MANUFACTURES

U.S. imports of all silk manufactures have increased from 65 million in 1958 to 88 million in 1960, an increase of 35 percent. Fabric constitutes the bulk of these goods, being 86 percent of the total in 1960. In addition, other silk manufactures are chiefly those made from woven fabric. It will be noted here that imported silk fabric is over 60 percent of the fabric available for consumption in this country. By far the biggest exporter of all silk manufactures to the United States is Japan which accounted for 86 percent of total U.S. silk manufactures imports and 93 percent of fabric imports.

The attached composite tables contain detailed data more generally covered by the foregoing.

[3] As indicated in the explanatory notes attached to the composite textile import tables, these figures do not include imports of manmade staple, tow, sliver, waste, filaments, filament yarns, tire cord, or tire fabric.

Composite Tables Relating to U.S. Imports of Certain Textile Manufactures Expressed in Millions of Square Yards

Table I.—*U.S. imports of certain textile manufactures,*[1] *1958–60*

[Millions of square yards]

	1958	1959	1960 [1]
Cotton manufactures	431	652	1,009
Japan	260	271	282
Hong Kong	60	180	271
Portugal	1	4	72
Spain	1	10	66
Egypt	1	2	59
India	3	28	58
France	2	13	33
Formosa, Pakistan, and Korea	5	27	54
All other	98	117	114
Wool manufactures, except carpets	54	90	112
Italy	7	20	33
Japan	19	26	32
United Kingdom	18	23	20
All other	10	21	27
Wilton and velvet carpets	5	7	9
Belgium	4	5	5
Japan		1	3
Manmade fiber manufactures	49	95	100
Japan	25	75	74
Silk manufactures	65	92	88
Japan	57	82	76
Total	604	936	1,318

[1] See explanatory notes.

Source: U.S. Department of Commerce, Bureau of the Census; American Carpet Institute; and Textile Organon.

Table II.—*U.S. general imports of cotton manufactures by major category, 1958–60*

[Millions of square yards]

	1958	1959	1960 [1]
Broadwoven fabric [2]	148	250	486
Made-Up manufactures [3]	55	53	58
Woven apparel	161	266	294
Total	364	569	838
Yarn	4	6	76
Knit manufactures [4]	19	25	35
Other manufactures [5]	44	52	60
Total	67	83	171
Grand total	431	652	1,009

[1] Estimated, based on 10 months actual data.
[2] Includes countable cotton cloth, pile, tapestry, upholstery, drapery, table damask, blanket, towel, and bedspread fabrics.
[3] Includes sheets, pillowcases, handkerchiefs, and other made-up manufactures of broadwoven fabric.
[4] Includes underwear, gloves, hose, apparel, and other knit or crocheted manufactures.
[5] Includes floor coverings, coated, filled, or waterproofed fabrics, and miscellaneous cotton manufactures.

Source: U.S. Department of Commerce, Bureau of the Census, Report No. FT-130.

TABLE III.—*U.S. general imports of cotton manufactures by major category and principal country of origin, 1960* [1]

[Millions of square yards]

Country	Total	Broadwoven [2] fabric	Made-up manufactures [3] and woven apparel	Yarn [4] and knit manufactures	Other [5]
Japan	282	91	122	14	55
Hong Kong	271	86	170	13	2
Portugal	72	35	----------	37	----------
Spain	66	48	2	16	----------
Egypt	59	48	----------	11	----------
India	58	56	2	----------	----------
France	33	31	----------	2	----------
Formosa, Pakistan, and Korea	54	48	5	1	----------
All other	114	43	51	17	3
Total	1,009	486	352	111	60

[1] Estimated, based on 10 months actual data.
[2] Includes countable cotton cloth, pile, tapestry, upholstery, drapery, table damask, blanket, towel, and bedspread fabrics.
[3] Includes sheets, pillowcases, handkerchiefs, and other made-up manufactures of broadwoven fabric.
[4] Includes underwear, gloves, hose, apparel, and other knit or crocheted manufactures.
[5] Includes floor coverings, coated, filled, or waterproofed fabrics, and miscellaneous cotton manufactures.

Source: U.S. Department of Commerce, Bureau of the Census, Report No. FT-130.

TABLE IV.—*U.S. imports for consumption of wool manufactures, by major category, 1958–60*

[Millions of square yards]

	1958	1959	1960 [1]
Broadwoven fabrics [2]	34	47	60
Apparel (not knit) and blankets, robes, and steamer rugs	4	11	13
Total	38	58	73
Top and yarn	7	19	21
Knit manufactures [3]	9	13	18
Total	16	32	39
Grand total	54	90	112

[1] 1960 broadwoven fabric estimate based on 10 months' actual data. All other manufactures based on 9 months' actual data.
[2] Includes billiard cloth and pile, tapestry, and upholstery fabric.
[3] Includes knit fabric, apparel, gloves, and head coverings.

Source: U.S. Department of Commerce, Bureau of the Census Report FT-110.

TABLE V.—*U.S. imports for consumption of wool manufactures by major category and principal country of origin, 1960* [1]

[Millions of square yards]

Country	Total	Broadwoven fabric [2]	Apparel (not knit), blankets, robes, and steamer rugs	Yarn, top, and knit manufactures [3]
Italy	33	27	----------	6
Japan	32	16	4	12
United Kingdom	20	14	----------	6
Other	27	3	9	15
Total	112	60	13	39

[1] Estimated, based on 9 months' actual data.
[2] Includes billiard cloth, and pile, tapestry, and upholstery fabric.
[3] Includes knit fabric, apparel, gloves, and head coverings.

Source: U.S. Department of Commerce, Bureau of the Census Repor FT-110.

TABLE VI.—*U.S. imports for consumption of manmade fiber manufactures, by major category, 1958–60*

[Millions of square yards]

	1958	1959	1960 [1]
Broadwoven fabric [2]	20	44	39
Apparel, not knit [3]	12	32	34
Total	32	76	73
Knit manufactures [4]	2	3	4
Other [5]	15	16	23
Total	17	19	27
Grand total	49	95	100

[1] Estimated, based on 6 months' actual data.
[2] Includes pile fabric.
[3] Includes handkerchiefs and woven mufflers.
[4] Includes gloves, hose, and underwear.
[5] Includes spun yarns, lace, braids, ribbons, fringes, and miscellaneous items.

Source: "Textile Organon," and U.S. Department of Commerce, Bureau of the Census Report FT-110

TABLE VII.—*U.S. imports for consumption of manmade fiber manufactures, by major category and principal country of origin, 1960* [1]

[Millions of square yards]

Country	Total	Broadwoven fabric [2]	Apparel (not knit) [3]	Other (including knit manufactures) [4 5]
Japan	74	33	30	11
Total	100	39	34	27

[1] Estimated, based on 6 months' actual data.
[2] Includes pile fabric.
[3] Includes handkerchiefs and woven mufflers.
[4] Includes gloves, hose, and underwear.
[5] Includes spun yarns, lace, braids, ribbons, fringes, and miscellaneous items.

Source: "Textile Organon," and U.S. Department of Commerce, Bureau of the Census Report FT-11

TABLE VIII.—*U.S. imports for consumption of silk manufactures, by major category, 1958–60*

[Millions of square yards]

	1958	1959	1960 [1]
Woven fabric	55	81	76
Other [2]	10	11	12
Total	65	92	88

[1] Estimated, based on 9 months' actual data.
[2] Includes wearing apparel, laces, scarves, and handkerchiefs.

Source: U.S. Department of Commerce, Bureau of the Census Report FT-110; and Bureau of Foreign Commerce World Trade Information Service Statistical Reports, pt. 3, Nos. 60-26 and 60-42.

TABLE IX.—*U.S. imports for consumption of silk manufactures, by major category and principal country of origin, 1960* [1]

[Millions of square yards]

	Total	Fabric	Other [2]
Japan	78	71	7
Total	88	76	12

[1] Estimated, based on 9 months' actual data.
[2] Includes wearing apparel, laces, scarves, and handkerchiefs.

Source: U.S. Department of Commerce, Bureau of the Census Report FT-110; and Bureau of Foreign Commerce World Trade Information Service Statistical Reports, pt. 3, Nos. 60-26 and 60-42.

EXPLANATORY NOTES

1. Cotton manufactures import data are taken from U.S. Department of Commerce, Bureau of the Census Report FT–130, "U.S. General Imports of Cotton Manufactures." These represent semimanufactures and manufactures wholly or in chief value of cotton included under schedule A commodity Nos. 3011000 through 3230800 (except Nos. 3227100 and 3230360), 3903300, 3967305, 3967310, 3967330, 3967510, 3968010, 3970010, and 3971430.

Excludes raw cotton, cotton linters, waste, rags, sliver, and roving.

The figures for imported rags, sliver, and roving were excluded from the miscellaneous total of Report FT–130 by subtracting the quantities of these commodities as compiled in FT–110: "U.S. Imports of Merchandise for Consumption."

The data relating to imports of cotton manufactures other than fabric were converted from unit designations to square yards by means of conversion factors used in connection with the Japanese voluntary cotton products export program. These conversion factors are attached to these notes as exhibit A. The cotton woven apparel import figure is understated since it is impossible to estimate the proportion of sets in the blouse categories. The conversion factor used in these sets is the same as that used on blouses alone.

The 1960 estimate for imports of cotton manufactures is the annual rate based on 10 months' actual data.

2. Wool manufactures import data are taken from U.S. Department of Commerce, Bureau of Census Report FT–110, "U.S. Imports of Merchandise for Consumption." These represent semimanufactures and manufactures wholly or in chief value of wool and similar hair included under schedule A commodity Nos. 3560200 through 3651990, 3680250, and 3680500 through 3680800.

Excludes raw wool and similar hair, noils, waste flocks, shoddy, mungo, rags, nonwoven felts, and carpets.

The data relating to wool manufactures other than fabric were converted from unit designations to square yards by the following conversion factors:

(*a*) Blankets, robes, and steamer rugs: 1 pound equals 1.3 square yards.
(*b*) Woven wearing apparel: 1 pound equals 2 square yards.
(*c*) Knit goods (including knit fabric): 1 pound equals 2 square yards.
(*d*) Wool top and yarn: 1 pound equals 2 square yards.

Trade sources indicate that imported blankets average approximately 4 pounds per blanket. Standard-sized blankets average 5 square yards per blanket, so that the above conversion factor was used to convert blanket imports into square yards. The average weight of imported cloth is approximately 8 ounces per square yard, or 1 pound to 2 square yards. This factor was used to convert woven apparel, knit goods, and yarn to square yards.

The 1960 estimate for wool goods imports could not be arrived at by merely taking the annual rate for a given number of months' actual data. This is so because the wool fabric tariff rate quota allows a surge of cloth imports in the first few months of the year and the highly seasonal nature of the wool apparel market causes imports of made-up wool goods to be concentrated in other months of the year. January through October data was used to estimate the amount of fabric that would be imported into the United States in 1960. This was done by adding to the 10-month total the amount entered in September multiplied by two.

The 1960 estimates for the other categories of goods were arrived at by applying the percentage increase from the first 9 months of 1959 compared to the first 9 months of 1960 to the 1959 totals for each category.

3. Manmade fiber manufactures import data are taken from the "Textile Organon" compiled from U.S. Department of Commerce, Bureau of the Census Report FT–110, "U.S. Imports of Merchandise for Consumption." These represent semimanufactures and manufactures wholly or in chief value of manmade fibers including cellulosic and noncellulosic fiber included in schedule A commodity Nos. 3812000, 3812100, 3830000 through 3880490, and 3903550.

Excludes manmade fiber staple, tow, monofilaments, filament yarns, sewing threads, rayon tire cord and fabric, waste, noils, sliver, and roving.

The factor used to convert manmade fiber goods from unit designations to square yards was 1 pound equals 4 square yards. This factor was arrived at by dividing the first 9 months manmade fiber fabric import total in square yards by the figure for these imports designated in pounds; 1960 is the first year that manmade fiber fabric imports are reported in square yards. These 1960 estimates are based on 6 months' actual data.

4. Wilton and velvet carpet import data are from data compiled by the American Carpet Institute and are included under schedule A commodity Nos. 3670020 through 3670050, 3670120 through 3670150, and 3670230.

The 1960 estimate for carpet imports is the annual rate based on 10 months actual data.

5. Silk manufactures import data are taken from U.S. Department of Commerce Bureau of the Census Report FT–110 "United States Imports of Merchandise for Consumption" and Bureau of Foreign Commerce World Trade Information Service Statistical Reports, part 3, No. 60–26, "U.S. Imports of Textiles, Apparel, and Related Manufactures and Comparisons with U.S. Production and Exports, 1954–59" and part 3, No. 60–42, "Total Export and Import Trade of the United States, January-September 1960." These represent semimanufactures and manufactures wholly or in chief value of silk included under schedule A commodity Nos. 3705010 through 3770650.

Excludes raw silk, wild or tussah silk, and doupion silk, cocoons, noils, waste, sliver, and roving.

Silk fabric imports are reported in square yards while much of the other silk goods imports are reported in dollars only. These manufactures consisting mostly of woven apparel manufactures were converted on the basis that the average garment costs $12 and that there are 6 yards on the average in each garment.

The 1960 estimates are based on 9 months actual data.

6. The import statistics contained in these composite tables do not include data relating to manufactures wholly or in chief value of the following fibers or the fibers themselves: flax, hemp, ramie, jute (burlap); hard fibers and grasses including sisal, henequen, abaca, manila, kapok, istle, crin vegetal, coir, palmyra, piassava, palm leaf, affia, sunn, maguey, cantala, pulu, bassine, New Zealand, and all other textile grasses or fibrous vegetable substances; willow, rattan, osier, Cuba bark, chip, straw, perle visca, cocoa, paper, glass or other nonmetallic mineral, metal, rubber, and wood.

EXHIBIT A.—*Conversion factors, cotton goods imports*

	Square yards per pound	Square yards per dozen
Cotton yarn	4.6	
Blouses and blouses and skirts (sets)		14.53
Sport shirts		24.457
Dress and work shirts		22.186
T-shirts		7.234
Body supporting garments		4.752
Trousers and shorts (outer)		17.797
Blouses and shorts (sets)		14.53
Pajamas		51.96
Gloves and mittens		3.527
Dish towels		[1] 4.18
Towels, not embroidered		4.18
Table damask	3.17	
Pillowcases		[2] 13.01
Handkerchiefs		1.66
Knit goods	4.6	
Miscellaneous, not elsewhere classified	4.6	

[1] 0.348 per dish towel.
[2] 1.084 per pillowcase.

Source: Conversion factors used in connection with the Japanese voluntary cotton products export program.

Recent Trends in Domestic Textile Activity

Activity in the domestic textile industry in 1960 reflected the leveling off and downward swing of the traditional 2-year textile cycle, a phenomenon the industry has experienced for many years.

Since the beginning of 1960, indicators of textile activity have reflected the contraction in the industry which has followed. Profit rates on sales turned down from the fourth quarter 1959 rates, and third quarter 1960 profit figures are 17 percent below third quarter 1959 rates.

Consumption of fiber in all categories declined steadily so that 11-month 1960 data indicated that cotton fiber consumption was 2.3 percent below last year, manmade fiber staple 7.5 percent, and wool 6.2 percent.

The ratio of cotton broadwoven inventories to unfilled orders has continued to climb and the November 1960 figure is the highest since September 1958.

Industry production is being curtailed. Third quarter 1960 statistics show that cotton broadwoven production was 8 percent below that of a like 1959 period, wool fabric production declined 16 percent, and manmade fiber fabric output dropped 7 percent. Within the latter type, production of rayon and acetate cloth fell 15 percent below third quarter 1959, although production of fabrics made from the newer manmade fibers increased by 13 percent.

Price indexes of textile manufactures, after holding up fairly well in the early part of 1960, have fallen steadily since then and latest figures are below comparable 1959 figures.

Overall textile employment in the United States, which in the expansion year of 1959 was only slightly more than the recession level of 1958, dropped to an alltime low of 915,700 in December of 1960. In the broadwoven segment of the textile industry, employment did not even reach the recession level of 1958. It declined to 379,500 in November of 1960, 5 percent less than the 1959 and 1958 levels.

Average weekly hours worked in the textile industry in December of 1960 dropped to 38.2 hours from 40.8 in December of 1959 and 40.2 hours in the same month of 1958.

The New England textile industry shared in the upturn beginning in 1958, but third quarter 1960 figures show that mills in the six-State area have curtailed activity in response to the current decline. New England fine cotton fabric production in the first three quarters of 1960 was slightly less than that for a similar 1959 period, but still greater than the 1958 period. Production of synthetic fabrics was down both from the 1959 and 1958 periods. Woolen and worsted apparel fabric production, although dropping slightly in the first three quarters of 1960 from 1959's level, is ahead of the 1958 level.

New England's share of the textile broadwoven industry declined slightly in fine cotton and synthetic broadwoven production from third quarter 1958 to the same 1960 period while her share of wool apparel fabric production increased from 47.7 to 49.3 percent during the periods under consideration.

Textile employment in New England declined by more than 15,000 jobs as of December 1960 from the levels of 1958.

Widespread and increased mill closings and partial liquidations contributed substantially to the sharp drop in New England textile mill employment.

Bureau of Labor Statistics figures for the New England textile industry indicate a 12-percent decline in jobs during this period. In 1958, 123,400 workers were employed in New England plants. By December of 1960, employment had fallen to 108,300.

During the same period, average weekly hours in New England cotton and synthetic textile mills fell from 40.2 to 38.7. Average weekly hours in woolens and worsteds declined from 39.6 to 36.2.

Preliminary reports on mill liquidations show that Massachusetts, in 1960, lost 16 textile mills which employed 2,286 people. In 1959 and 1960, Rhode Island saw 14 mills close their doors with a loss of 1,880 jobs.

The New Hampshire Division of Employment Security reports a net textile mill loss between 1956 and 1959 of 11 mills and 1,865 jobs. Since their report, another mill employing 400 has closed for a total of 12 mills and 2,265 jobs.

The Connecticut Development Commission records 19 textile mill losses since 1958 with 2,542 lost jobs.

Despite the upturn in business activity in 1959 and the export program pursued by the administration in 1960, exports of cotton and manmade fiber piece goods edged downward in the first 11 months of 1960.

Exports of cotton piece goods in the first 11 months of 1960 totaled 397 million square yards compared to 428 million square yards in the same 1959 period and 463 million in the 1958 period. This is an annual rate of 433 million square yards, an alltime low and over 70 percent below the 1947 level.

Exports of manmade fiber piece goods in the first 11 months of 1960 were 142 million square yards compared to 153 million for a like period in 1959 and 145 million in 1958. This is an annual rate of 155 million square yards, near the alltime low.

Wool fabric exports in the first 11 months of 1960 were well below 1 million square yards.

Latest available textile industry earnings figures of those countries accounting for almost all of U.S. textile manufactures imports range from one-third to one-thirtieth of comparative U.S. textile industry earnings. (See attached table.)

Textile industry average hourly earnings in selected foreign countries and the United States, 1958–60

[In U.S. dollars]

Country	Date of earnings	Average hourly earnings	Comparative U.S. average hourly earnings	Ratio of foreign to United States
Belgium	October 1959	$0.51	$1.56	33
France	April 1959	.39	1.57	25
Formosa	1959	.05	1.57	3
Hong Kong	April 1959	.10	1.52	7
India	do	.12	1.52	8
Italy	do	.29	1.57	18
Japan	1959	.17	1.57	11
Korea	1959	.06	1.57	4
Pakistan	December 1958	.18	1.52	12
Portugal	1958	.10	1.45	7
Spain	1958	.18	1.51	12
United Kingdom	April 1959	.55	1.57	35
West Germany	May 1960	.54	1.61	34

Source: U.S. Department of Labor, Bureau of Labor Statistics, "Labor Developments Abroad"; and French National Institute of Statistics and Economic Studies, Paris, France.

Mr. STANTON. I think it is pertinent to examine the record since the committee reported just 2 years ago. You concluded then that it would be unwise national policy to permit a continued deterioration in the textile industry and made specific recommendations of a substantive and a procedural nature to deal with industry problems caused by adverse Federal policies.

The past 2 years have been marked by an almost complete lack of action on the substantive recommendations of this committee and specifically on your recommendations to limit imports by categories so that they will not further endanger existing textile capacity. While your warnings of an import explosion went unheeded, Hong Kong, Pakistan, India, and other eastern countries as well as Portugal, Spain, and Egypt have seized a substantial share of our markets and our jobs.

Month by month the flow of textiles, apparel, and other made-up goods increases, new sources appear, market disruptions in the United States become more severe, and mills close, as more and more low-wage imports displace our products.

Although Japan has adhered in most respects to her cotton goods quotas, she has felt no such restraint in the case of wool, silk, and manmade fiber products.

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Japanese spokesmen now rightfully assert that their quota is meaningless unless the United States takes action to control imports from other countries. Unless such control is exercised by the United States, it appears unlikely that Japan will continue her cotton export quotas after this year.

Cotton: Five years ago cotton goods imports from Japan were serious. Two years ago imports from Hong Kong reached similar serious proportions. Today imports are four times greater than in 1955 and over double those in 1958. We now have a more serious problem with Hong Kong, a host of new problems from other exporting countries, and by the end of this year, the Japanese cotton crisis will have returned.

Wool: Five years ago we had a serious problem with imports of wool fabrics from England and Japan. Two years ago the problem had become much worse. Today the same problems remain and are complicated by even greater imports from Italy.

On January 1 of this year, the Federal Government discarded the only quota arrangement in textiles; namely, the tariff quota on woolen and worsted fabrics. A single duty on all fabrics valued at $2 or more per pound was substituted, thus reducing the effective duty for these fabrics from 45 to 38 percent. Lower valued fabrics carry a higher duty. Nothing has been done, however, to check the imports of wool cloth brought in in the form of apparel at a rate of 21 percent. Consequently, the cloth duties are easily bypassed, and they ship goods in here as apparel made from goods rather than as yard goods.

The new woolen and worsted duties were a step backward in principle and inadequate in application.

The pipeline for imports of manmade fiber manufactures has been firmly established and quantities that were moderate 5 years ago have now risen to a hundred million square yards. The Government's response to your recommendations for limitations has been to propose that manmade fiber textiles be made the subject of further tariff reductions under GATT negotiations, which are currently being held in Geneva.

Two-price cotton: Every industry plea and effort to correct the two-price raw cotton inequity has been repulsed, and this injustice to our industry continues.

Taxes: No revision of depreciation rates on textile machinery has been adopted.

Only cotton typewriter ribbon cloth, accounting for a small fraction of the fabric produced in the country, received some relief after 2 years of effort and litigation, but I am told these new duties are now being evaded through a loophole which permits this cloth to be cut and imported as tapes at duties of less than one-half the prescribed duty for the cloth.

Senator COTTON. Would you tell us more about this loophole?

Mr. STANTON. A piece of cloth woven in width is cut in strips and imported into this country under the heading of "tape" rather than as broad woven fabric, and the duty on tape is less than it is on a larger bolt of fabric.

Senator PASTORE. I have to get into this because this was my amendment. What was happening here, they were importing into this

country, or exporting from abroad, in competition with certain mills existing in Rhode Island, the Warwick Mills, fabrics which were very finely woven, because tape has to be very finely woven in order to be used on the IBM machines, other typewriters, and what have you.

They have what they call the cup test. They would put this fabric in a cup or some other object and would pour water over it. Because it was finely woven it was impervious to water. The water would not penetrate it. Therefore, it came in under waterproof cloth.

What they were doing to this cloth further, they were putting it through a paraffin process which made it more impervious to water. Once they got it into this country—everybody knows that typewriter ribbons have to be absorbent and not repellant—they would then wash the paraffin off, and through that subterfuge they were getting this in through a lower quality.

I introduced an amendment which discarded the cup test but made it the ultimate use test. In other words, if this were to be used as an absorbent it could not come in with the waterproofing. Lucky enough, it being an election year, the bill did pass, and the President did sign it.

Now what is happening here, in order to undercut that—and I have been told and, as a matter of fact, I was visited by the owner of that mill who told me that now they are working around the clock on three shifts and they are looking for expansion of space in Rhode Island because of the increase in the volume of business. That is just what the curing of one little loophole will do to American jobs. It creates them.

What these people are doing now, you see, because they can't do what they used to do, now they are cutting it down to tape size and, rather than coming in as fabric, it is coming in as tape, which means again that it is coming in under a lower duty. So you see, you can invent all the schemes you want and there will be a counteraction each time.

Does that answer your question?

Senator COTTON. Yes, very clearly. It also indicates that the chairman should be commended. So far, he is the one who has actually done something.

Senator PASTORE. I wouldn't say that. I was helped by a lot of people. But the fact of the matter is, it merely indicates that the amenment was introduced by myself and other cosponsors to close a loophole, and that is what we were meaning to do. There was no reason why they should be rendered waterproof in order to come in under a lower tariff if the ultimate use was that it was to be used as an absorbent cloth. This is another indication of how loose our procedures have become. Another thing that I would like to mention at this juncture, I was so happy the President talked about it, and would have been talking about it for some time. I received correspondence only a short while ago by a very reputable merchant in our State who was lamenting the fact that our tourist abroad are allowed to spend up to $500 duty free, and yet from those same countries we do not get reciprocity. Some of those countries' tourists can only buy up to $75. This is doing us irreparable harm because it is bringing in much of the merchandise which was denying the producers here in

the United States of America, and accounting for more unemployment. I see that the President is now considering cutting that down.

The point I mean to make by that is this: We cannot proceed today and tomorrow under the same practices that we had some time ago. There was a time when the whole Western World was destroyed and injured because of the war. We pitched in and helped them. They have industrialized; they have rehabilitated. We applaud that.

All we are saying here is that somewhere along the line we must avoid reaching that point of no return. We have got to consider this whole problem in the complex of how much we can absorb; what does it do to our domestic industry; is our domestic industry being affected, and to what extent? That is the reason why we are holding these hearings.

All right, Mr. Stanton, you may proceed.

Mr. STANTON. The procedural recommendations of your committee suffered a fate similar to the other recommendations. An interagency committee was established by the President and an advisory committee with representative of the public, industry, and labor was also created. The advisory committee was convened only three times. At the second meeting held 13 months ago, labor and industry representatives unanimously adopted a resolution urging the establishment of quotas by categories and by country and recommended specific procedures to be followed or explored. Nothing more was heard of this.

Last fall the interagency committee, without seeking the advice of the advisory committee, filed a report rejecting every vital recommendation of this Senate subcommittee and of labor and industry. The report was completely at variance with the purposes for which the committee had been created.

So much for the record of the past 2 years.

There was one significant contribution, however, which must not be overlooked. It is the work of this Senate subcommittee itself. Events have proved that you were foresighted. You recommended in the national interest a balanced and moderate course of action designed to forestall crisis, and to permit a reasonable level of trade.

Your realistic appraisal and firm support has contributed immeasurably to the industry's will to survive, to invest, and to plan for the future. Your comprehensive analysis of the complexities of the situation and your recommendations for specific industrywide remedial action has prepared the way for what we all hope to accomplish now.

We do not seek aid—we seek redress—redress from government policies which continue to cause deterioration in our industry.

The government has set up the rules by which the American industry must compete, but it excuses importing countries from conforming to these rules.

We have learned this in the past 2 years. The solution to the problem demands more than awareness—it demands action based on a positive understanding of economic realities. Government must cope with problems created by government.

It is not enough to apply piecemeal remedies or to assume that limiting imports of a few items from all countries or a large number of items from one country will solve an industrywide problem.

The answer lies in the recommendation of this committee that industrywide limitations be established on imports of textiles and textile

products on the basis of categories of goods and on a country-by-country basis. This alone will stabilize textile imports at a fair level and at the same time permit orderly trade in textiles with other nations without market disruption and domestic unemployment.

Both President Kennedy and Mr. Nixon during the campaign expressed concern over these matters. President Kennedy said:

> A comprehensive industrywide remedy is necessary.
> The outline of such a remedy can be found in the report of the Pastore committee. Imports of textile products, including apparel, should be within limits which will not endanger our own existing textile capacity and employment, and which will permit growth of the industry in reasonable relationship to the expansion of our overall economy.

He also said that the office of the Presidency carries with it the authority to work out solutions for the problem peculiar to our textile and apparel industries. Should further authority be necessary, however, to carry out these objectives, President Kennedy said that he would request such authorization from the Congress.

This committee with its continuing interest in this national problem is in a position to give to the President valuable assistance in carrying out his objectives. We are hopeful that your recommendations will be implemented promptly.

Senator PASTORE. May I interrupt you to state at this juncture that this is precisely the purpose of these hearings. We do not expect to jump the gun on anyone. We are very hopeful that we will have sympathetic understanding from the administration because we think that the solution of many of these problems lies with the Executive fiat rather than congressional restrictions. We feel that the administration and the administration of the law can be a little more specific in some details and characterize these matters more along the lines of categories better than you could write out in any prescription of law.

I repeat again, that what we are trying to do is to be helpful to bring this whole report up to date, to serve more or less as the basis or a keystone for further action on the part of the administration and the Congress in solving many of these problems.

We are not here to criticize. We are merely here to constructively help.

Mr. STANTON. The U.S. textile industry has many internal problems besides foreign trade matters. It has historically been plagued with overproduction and consequent cyclical swings.

In the past overproduction, high inventories, and declining prices were eventually corrected by closing mills and curtailing employment and production. The industry has been striving to moderate these cycles even if they cannot be eliminated entirely. Currently, we are in a downswing. The extent to which this downswing continues will depend upon the amount of foreign oversupply which reaches our markets. The more imports, the greater must be the retrenchment, layoffs, and even liquidation at home. Our efforts to correct the situation are futile if world overproduction flows into our market.

There is also an important long-rang consideration. Technological changes and improvements are taking place both in this country and abroad at a rapid pace. American advantage in efficiency and productivity no longer exists.

American mills must decide whether to risk the vast sums necessary to keep up with these changes. Such investment cannot be justified and in my opinion will not be made if our Government continues to permit textiles and textile products to enter the United States without limitations. A large part of our indusry will be doomed.

It is absolutely vital, therefore, that the expanding flood of foreign textile imports of cotton, wool, and manmade fiber products be limited and controlled by the establishment of realistic quotas, by countries and by categories, if our industry is to continue.

It is inconceivable to me that our Government, which has created these intolerable conditions will stand idly by and see this industry and its jobs destroyed as a result of the Government's failure to take the necessary remedial action.

I am confident that given the determination of this committee, the determination and the Congress, that this will not happen.

The company which I represent is continuing to invest substantial amounts in our mills, and many other companies are doing the same. I am hopeful that we can continue to do so in the future. In all sincerity, however, I must warn that this decision rests not with us but with our Government. I very much appreciate your giving us this opportunity to appear before you. We will be happy to try to answer any questions you may wish to ask.

Senator PASTORE. I want to congratulate you for an excellent statement.

Mr. Stanton, a question was raised here with regard to the efficiency of machinery manufacture in other countries vis-a-vis the United States of America. I noticed that your company several months ago purchased some machinery from Japan. I realize it was only a small amount in comparison to the operating machinery that you have. I have heard some observations with reference to this purchase. I was wondering if you would be willing to express on the record what you actually did do, and your reasons for it.

Mr. STANTON. We are obliged to keep abreast of all developments in machinery and types of products and things of that nature. We purchased 4,000 spindles, Japanese spindles, to try them out in one of our mills at Fall River. We operate about 450,000 spindles altogether, so the 4,000 we bought was obviously only a pilot test.

That machinery was supposed to—and I believe does—represent a considerable advance over anything that is now being produced in this country for the spinning of fine yarns. There are some of our present machinery manufacturers who follow the same process in spinning coarser yarns, which some of them have developed, but so far as I know it has not been successfully accomplished in spinning the types of fine yarns which we make in our New England plants.

The spinning firms do away with three processes: They skip from the primary slider over to the spinning frame, omitting drawing of two or three different types, and so forth. It is better used, we believe, from carded yarns, than cones, because you don't have to stop and put in the cone process between the slider and the spinning.

The frames run faster; the frames are longer, and from what we have been able to learn, produce a better, more even and stronger yarn of the same given number.

We spent some of our roving sliders South and had it spun on some of the frames at another installation. It came back again. We tested it very carefully and found what I have just said to be true, that the yarn was even stronger than that which came off of our own frames in Fall River.

The frames have now been delivered and are in process of being started up. I have not got a final report on them as yet. But I hope—and I say this very sincerely—that our American textile manufacturers, through research, through the expenditure of money, through whatever may be necessary, will keep abreast of these developments abroad and will not allow these foreign countries to take our markets on textile machinery away from us as they are doing on the products of that machinery. It was not a question of price, Mr. Chairman.

Senator PASTORE. It was not a question of price?

Mr. STANTON. No. The cost of those frames, per spindle, is just about the same as the cost of the American frames per spindle. The difference in price is, however, true to the extent that you do not have to have the machinery between the cards and the spinning frames which you have to have if you are operating with the American method.

Senator PASTORE. So it is your considered opinion that in some respects, while generally speaking the weight might lean on the other side, in some respects there are certain machines manufactured in foreign countries that may be considered in your industry superior to a locally manufactured machine?

Mr. STANTON. I believe that to be true as of the present time. I don't think it is an insurmountable obstacle for them to get over, but it is true in my opinion at the present time.

Senator PASTORE. How widespread, if you do know, is the use of this particular machine in the textile industry in the United States? I am now being curious, and not critical.

Mr. STANTON. It has been reported in the press that 1 mill in the South is putting in 40,000 of these spindles, which is the size of the mill itself, and we understand that there are 11 others which are experimenting with the same machine.

Senator PASTORE. When you say 11 others, you mean 11 other mills?

Mr. STANTON. Eleven other mills. We were given to understand that we were the 12th mill to experiment with it, in addition to this 1 mill which had put in the full 40,000 spindles.

Senator PASTORE. Mr. Thurmond, you may inquire.

Senator THURMOND. Mr. Stanton, I would like to congratulate you on your very fine statement that you have made here.

Speaking of the machinery from Japan, is it true that the textile industry today is so hard pressed that you have got to obtain the most modern equipment wherever you can in order to even compete and stay in business?

Mr. STANTON. That is absolutely true, Mr. Thurmond. It is unfortunately also true that even the most modern machinery will not put us on an even competitive basis with some of these foreign countries. On the other hand, we must minimize the gap as much as we possibly can.

I feel that we should come to you gentlemen with clean hands. We shouldn't come to you and say you have to help us because we can't compete, and have you say, have you bought modern machinery? And we say no. That is not a fair way to approach you as a committee, or the administration. We must have modern machinery for our own sake, as well as to have our hands clean. But it will not do the job completely for us by any manner of means.

Senator THURMOND. Everything being equal, if you could get as modern machinery in this country rather than abroad, I presume you would buy it here?

Mr. STANTON. Absolutely; yes, sir.

Senator THURMOND. Mr. Stanton, you heard the questions that I propounded to Mr. Cheatham, the president of the ACMI this morning, did you not?

Mr. STANTON. I believe I did. I wasn't here at the beginning, Mr. Thurmond. The train was very late.

Senator THURMOND. Did you hear some of the questions?

Mr. STANTON. I heard the last two or three, I believe.

Senator THURMOND. Are you in accord with his answers to those questions?

Mr. STANTON. I couldn't hear him too clearly. But I think I could follow it. If not, Mr. Sullivan undoubtedly could.

Senator THURMOND. I didn't want to be repetitive. I wonder if you are in accord with the views expressed by him here this morning.

Mr. STANTON. Yes, I was.

Senator THURMOND. The textile industry, as I understand the situation and understood it from Mr. Cheatham, would prefer to continue on its own; it would prefer not to have Government assistance; and it can stay in business and operate, it is believed, if these excessive imports are reduced to such an extent where this can be done. Is that true?

Mr. STANTON. Yes, sir; I believe that.

Senator THURMOND. Do you feel that the greatest handicap to the textile industry today is excessive imports coming into this country? Or is there some other problem that is disturbing to the textile industry on a parity with that?

Mr. STANTON. I think that the big trouble with the textile industry now is the importation of foreign goods at costs which are so far below our own costs.

The other side of the picture—there are many others—one would be the loss of exports. Of course, contributory is the two-price cotton problem. But by and large it boils down to that as being in my opinion the worst threat that we are suffering under.

Senator THURMOND. The argument is made by the proponents of such a philosophy that it is necessary for the United States to trade with these countries in order to have their friendship and to help them economically and to keep them out of the Communists' column, to keep them on the side of the free world. Hasn't that trade reached such an extent that imports are coming in here from some countries in certain categories that are completely putting American textile mills out of business? Is that true?

Mr. STANTON. That is true; yes, sir.

Senator THURMOND. Certainly President Kennedy would not be in accord with such a policy from the statement he made here, that you quoted in your statement, when he said—and these are his words—"A comprehensive industrywide remedy is necessary." Do you agree with that?

Mr. STANTON. Yes, I do.

Senator THURMOND. And he said further:

The outline of such a remedy can be found in the report of the Pastore committee. Imports of textile products, including apparel, should be within limits which will not endanger our own existing textile capacity and employment * * *

Do you agree with that?

Mr. STANTON. I do.

Senator THURMOND. And continuing:

* * * and which will permit growth of the industry in reasonable relationship to the expansion of our overall economy.

Do you agree with that?

Mr. STANTON. I agree with that.

Senator THURMOND. It seems that you and President Kennedy are right in accord on this matter.

Mr. STANTON. I would say that I am in accord with him. I only hope that he will be in accord with me.

Senator THURMOND. Isn't it true that under the present policy the textile industry is not only unable to expand but it is made difficult for it to stay in business at all?

Mr. STANTON. That is absolutely true.

Senator THURMOND. Isn't it true that thousands and thousands of textile mills have had to close down entirely since the end of World War II because of the excessive imports coming in here?

Mr. STANTON. That is true.

Senator THURMOND. Isn't it true that over 400,000 jobs have been lost by American citizens because of the excessive imports that have come into this country since the end of World War II?

Mr. STANTON. I will ask Mr. Sullivan to answer that, if I may.

Mr. SULLIVAN. There has been a decline in jobs in the textile mill products industry in the last 10 years of over 400,000 jobs. As we stated in Mr. Stanton's statement, there are many problems in the textile industry.

I don't think we could say that the whole 400,000 jobs in total were lost solely from imports. It is very difficult to analyze and get accurate estimates as to just how many jobs can be attributed exclusively to imports. But it is our feeling that the imports aggravated the existing adjustments that are required and account for a substantial portion of the 400,000 jobs which have been lost.

Senator THURMOND. During the textile hearings several years ago, with which you are familiar, at that time I believe it showed that 435,000 jobs had been lost in the textile industry, and since then, of course, there have been several thousand more. I know in my State alone during the past year about 4,000 jobs were lost. If this is characteristic of the textile industry as a whole of course it means thousands of jobs are being lost each year.

You couldn't attribute all of these jobs to the excessive imports, but is there any question in your mind that the excessive imports are the paramount cause of the loss of these jobs?

Mr. SULLIVAN. It is an important cause.

Senator THURMOND. Is is the most important or not? I just want to get the facts. I understood from Mr. Cheatham that the main difficulty today facing the textile industry, that is excessive imports.

Mr. SULLIVAN. It is a very difficult thing to analyze, and we have given it a great deal of thought. Our guess is that it probably accounts directly, we will say, for a third of these jobs; somewhere between 125,000 and 150,000 of these jobs. I think you should take into account, however, that it is accepted that for every job in a textile mill there is another job in an allied industry in the area which services that, such as railroad workers, dyestuff makers, and that sort of thing. So that it may well be that the total effect of this reaches closer to a quarter of a million.

I have not taken into account in this statement, which is rough, the loss in the apparel, in the clothing industry as the result of imports of cloth in the form of apparel and clothing. That I have no figures on. Nor have I taken into account the loss of jobs in the fiber and allied industries. After all if we don't use the fiber, whether it is cotton or wool or synthetic, then the workers in those industries lose their jobs.

It has been estimated that in all 15 million Americans depend for their living on this complex of the fiber, textile, and apparel industries. And if import totals equal 8 to 10 percent on the average then you might estimate that the total effect would go well over a million to a million and a half jobs.

But as I say it is difficult to get an accurate figure.

Senator PASTORE. Would the gentleman yield?

Senator THURMOND. I will be happy to yield.

Senator PASTORE. I realize categorically it is pretty difficult to put your finger on direct costs, particularly when you are dealing with such a complex industry.

Let me ask you three questions: Since we last reported on the problems of the domestic textile industry 2 years ago, within the past 2 years has there been an appreciable rise in imports as compared with the previous figures? Has the trend been up?

Mr. SULLIVAN. In the attached tables which you have in front of you, Mr. Chairman, it shows that imports total—measured on a square yard basis of textiles, whether in the form of cloth or apparel—had risen from the then very high total of 604 million square yards to the startling total of 1,318 million square yards in 1960. That is based on a 10-month estimate.

Senator PASTORE. From 604 million——

Mr. SULLIVAN. To 1,318 million. That would be an increase of 118 percent.

Senator PASTORE. There has been an increase of 118 percent in importations?

Mr. SULLIVAN. Correct.

Senator PASTORE. How about exportations? Has there been an increase or decrease?

Mr. SULLIVAN. On the exports, on another sheet that you have there, we give the general figure on exports.

In the last 2 years cotton goods exports have dropped by 14 percent. Manmade fiber textile exports have dropped slightly, but not ap-

preciably. And the woolen-worsted industry has never had an export market or a negligible amount, about a million yards.

Senator PASTORE. Therefore, thus far we have the picture that there has been a very, very large increase of imports within the past 2 years, as against approximately 14 percent decrease of exports in the last 2 years. Now compare that with the employment picture in the textile industry.

Has there been an increase or a decrease in jobs? And then I think we will have the whole picture.

Mr. SULLIVAN. In this same additional data, which will be included in the record, overall textile employment in the United States, which in the relative expansion year of 1959 was only slightly more than recession level of 1958, dropped to an alltime low of 915,700 jobs in December 1960.

In the broadwoven segment of the textile industry, employment did not even reach the low level of 1958. It declined to 379,500 jobs in November of 1960, 5 percent less than either the 1959 or 1956 level.

I might add on that, that average weekly hours worked in the textile industry in December 1960 dropped to 38.2 hours, from 40.8 in December of 1959 and 40.2 in the same month of 1958.

There are some additional data on New England. For example, in Massachusetts, in 1960, alone some 16 textile mills, which employed almost 2,300 people, liquidated.

Senator PASTORE. When?

Mr. SULLIVAN. In the year 1960 alone.

Senator PASTORE. We lost how many mills in Massachusetts?

Mr. SULLIVAN. Sixteen textile mills employing just under 2,300 people.

Senator PASTORE. Did these mills liquidate or move someplace else?

Mr. SULLIVAN. They liquidated.

Senator PASTORE. Closed right down?

Mr. SULLIVAN. Yes. According to press reports, many of those stated that—as usual, there are many causes—they felt that the poor business that forced them out was substantially caused by the high level of imports.

In your own State of Rhode Island, Mr. Chairman, in 1959 and 1960, our preliminary data shows that Rhode Island saw 14 mills close their doors, with a loss of just under 1,900 jobs.

Senator PASTORE. That is only in the last 2 years?

Mr. SULLIVAN. That is correct. Your earlier reports show, for Senator Cotton's State of New Hampshire, the employment security division there reports a net textile mill loss between 1956 and 1959 of 11 mills, and 1,900 jobs. And since that report came out, another mill employing 400 people has closed its doors.

Senator PASTORE. I want to compliment you for a very fine statistical manuscript that you have submitted to the committee, showing the trends in U.S. imports of certain textile manufactures in millions of square yards.

Has this been released to the press as well?

Mr. SULLIVAN. Yes, it has, Senator. May I comment on that?

The work in this statistical supplement was done this way: as you know, imports come in in yards and pounds, and fabrics in square yards, and then the cloth in the form of apparel may come in, in the form of dozens, dollars, or some other measure.

As a result of extensive work, this presentation has been reduced to a single common denominator of a square yard measure so that it can be compared with our own production of broadwoven and also yarn in this country.

It is an attempt to simplify and make apparent the impact of imports on various segments of our textile and apparel industries.

You will not also that it is broken down by fiber, and it is broken down by the type of import; that is, whether it is cloth, apparel, or yarn.

Senator PASTORE. I want to thank you, Mr. Sullivan.

You will be available to the subcommittee during the progress of these hearings if any questions should arise; is that correct?

Mr. SULLIVAN. I will remain.

Senator PASTORE. Mr. Dorr, do you have anything to add?

Senator THURMOND. Shall I continue with Mr. Sullivan?

Senator PASTORE. All right, Mr. Thurmond.

Senator THURMOND. Mr. Sullivan, did I understand you to say that 16 mills closed in Massachusetts in the past 2 years?

Mr. SULLIVAN. That was in the year 1960 alone.

Senator THURMOND. Fourteen mills closed in Rhode Island in the past 2 years?

Mr. SULLIVAN. That is correct.

Senator THURMOND. Did you say the chief reason attributed for the closing was excessive imports?

Was that in both instances in both States, or just one State?

Mr. SULLIVAN. What I said was that in many instances here press reports carried stories that the management of the closed mills attributed the closing of the mills to bad business conditions brought on substantially or largely because of the excessive imports. There are also press stories throughout the area of mills which stayed in existence but have had to lay off people, as one mill in Maine only last week laid off 300 people, and the President of the mill said that his feeling was that it was caused by the excessive amount of imports.

Senator THURMOND. As I understand from the press statements, then, it was attributed largely to the excessive imports?

Mr. SULLIVAN. That is correct, sir.

Senator THURMOND. Then, if those press statements were correct, with your vast experience in the textile industry, are you of that opinion, too?

Mr. SULLIVAN. I feel very strongly that a great many of these liquidations and mill closings are caused by the excessive imports, and also there is the long-range factor which Mr. Stanton pointed out that so long as there is no confidence in the future, mills are reluctant to invest their stockholders' money, or other peoples' or their own money, in a venture which may be wiped out because the goods from low-wage, low-cost countries can sweep them away.

The Japanese have been restrained, but Hong Kong now brings in these cotton goods almost as much as Japan does.

It is interesting to note that the next three countries in order of prominence of importing cotton goods are Portugal, Spain, and Egypt, in that order. So that our problem has exploded around the world.

The knowledge that you can import into this country is not limited either to Western Europe or to the East.

Senator THURMOND. The word has gotten around that we will accept it, is that the effect of it?

Mr. SULLIVAN. I would say that is the understatement of today.

Senator THURMOND. And we are not only not having expansions but we are having closure of the industries entirely in different places?

Mr. SULLIVAN. That is correct.

The employment in the industry is below what it was in the low period of 1958.

Senator THURMOND. From your conception, then, of the problem, and that of Mr. Stanton and Mr. Cheatham—as I recall he testified, in order to remedy this situation steps would have to be taken by the Government, either the executive branch or the legislative branch or both?

Mr. SULLIVAN. We agree with that.

Senator THURMOND. Is that correct?

Mr. SULLIVAN. That is correct. I feel very strongly about that, and it must be taken as a whole problem of the fiber, textile, and apparel industries.

Senator THURMOND. What do you feel is the most important step which could be taken by Government?

Mr. SULLIVAN. The most important?

I feel it is the most important step which can be taken by Government and the most essential step for the welfare and future of this industry.

Senator THURMOND. What do you feel that step should be, by the Government?

Mr. SULLIVAN. The establishment of limits on imports of textiles whether in the form of yarn, cloth, or apparel or other made-up goods; and that limit should be geared to what the committee recommended, roughly, our existing capacity in 1958, or an average of, say, 1955 through 1959.

Some reasonable measure should be used so that there will be a substantial and respectable volume of trade. That total measure should then be divided on the basis of categories of goods.

First, you would have the broad breakdown into different fiber groups and then into the cloth and apparel, and then, to avoid concentrations in particular cloths or apparel, break it down into categories.

Senator PASTORE. Will the Senator yield?

Senator THURMOND. I will be pleased to yield.

Senator PASTORE. Just so we won't have an improper connotation on the record, I don't think it is so much the question of the word getting around as it might be the fact that we have got to consider this whole panorama of international trade and its part in life. When we negotiate with GATT we negotiate on a premise of the favored nation clause. That is, we apply one tariff and that applies to all

nations regardless of where it happens to be, or what the economic situation happens to be in that particular country.

Am I right so far?

Mr. SULLIVAN. That is right.

Senator PASTORE. Therefore, when you start out you start out with a country like Great Britain, which might have a higher standard of living than a country like France, and France having a higher standard of living than a country like Italy, and it actually having a higher standard of living than a country like Japan. Then you get into Portugal, Spain, Pakistan, and so on and so forth.

It isn't so much a question of the word getting around. After all, this is open all on a so-called fair basis insofar as the beef of the American market is concerned. All they have to do is set a tariff restriction.

Am I correct?

Mr. SULLIVAN. Yes, sir.

Senator PASTORE. So it naturally happens that you start out maybe doing business on a favored nation clause on a specific item with Great Britain, and you please the British people very much because we buy their merchandise.

Then France comes in and begins to produce that particular piece of merchandise at a cheaper cost and our importers in this country buy it from France rather than Great Britain. For the time being that displeases Great Britain but pleases France. Then Italy comes into the picture and it actually begins to produce the same item cheaper than both France and England and the British become displeased and the French become displeased and the Italians are pleased for the moment.

Then you come to Japan and you have three people displeased. Isn't that the way the whole thing works? It isn't that the word is getting around. After all, if Portugal is producing the cloth cheaper than Japan, while Japan might have been very happy up until that time, the fact of the matter is that in due time Japan is going to be displeased.

Then when Egypt begins to produce cheaper than Portugal, Portugal will be displeased.

The point of it all is this: It isn't so much where it comes from as how much does come in, and how much of it can you take, and what the rivalry will be among all these competing nations in the world. Isn't that basically the problem?

Mr. SULLIVAN. It is, except that as the fabrics come in from the lower and lower-cost areas, they are brought in at even lower and lower prices, and cause even greater market disruption.

Senator PASTORE. So it gets to the point that the tariff itself doesn't cure anything. It depends upon the country that is bidding for that tariff ceiling. Isn't that so?

Mr. SULLIVAN. That is correct.

Senator PASTORE. In other words, you have to place a tariff that will take into account all these other countries that I have talked about: Great Britain, France, Italy, Japan, the Philippines, India, Hong Kong, Portugal, Spain, and you can run right down the line. That tariff might be a matter of concern, let's say, to Great Britain or to France or to Italy or Japan. And certainly that very same

tariff will be no restrictive force upon the importations that might be coming in from Hong Kong, let's say, or Portugal, or Spain, depending upon the country involved.

Am I correct?

Mr. SULLIVAN. That is right, Mr. Chairman.

Senator PASTORE. So the answer here is not so much what you are going to do about the tariff, the question here is vis-a-vis the American production as against the importations plus the American demand, how do you satisfy the American demand? If too much cloth comes in from abroad as against what the American production is, if the consumer can buy that cloth cheaper, the same pattern, the same texture, the same quality, if he can buy it at half the price, he is going to buy it at half the price unless you get into a campaign of "Buy American."

Am I correct?

Mr. SULLIVAN. Right.

Senator PASTORE. The minute that happens, Berkshire, happily, which is producing its cloth in Massachusetts and producing it in Rhode Island, is not selling its goods because people are not buying it. And because it doesn't sell its goods it either has to close down or put people out of work. It is as simple as all that. Somewhere along the line you have to reach a sensible, reasonable solution of this whole problem because if you allow it to go on the way it is going on now, it is going to get completely out of hand and get to the point where mill upon mill is closing down, just as we have had more mill closings in Rhode Island in the past 2 years, just as we have had the 16-mill closings in Massachusetts, this condition will become more and more aggravated.

I say now is the time to accept it and bring all these heads together, make these people understand what the whole problem is, and weave it together in one cloth of understanding so that we won't be chopping up this cloth so that it won't do anybody any good.

Senator THURMOND. Now, Mr. Sullivan, as the chairman just brought out, the tariff has not provided the remedy, has it?

Mr. SULLIVAN. No, Senator.

Senator THURMOND. So in view of that, I presume that is the reason that Mr. Cheatham and Mr. Stanton both have made the recommendation that the expanding flood of foreign textile imports, of cotton, wool, and manmade fiber products, be limited and controlled by the establishment of realistic quotas by countries and by categories.

Mr. SULLIVAN. That is correct.

Senator THURMOND. From your experience and in your position, are you in accord with their views on that recommendation?

Mr. SULLIVAN. I am in a hundred percent accord with their views on that, and, as you know, I think in an analysis of it, in the light of what the chairman has said here, the tariff alone will not solve the problems that we now have, the problems that have arisen largely in the last 5 years and that are sure to stay with us in the foreseeable future.

Senator THURMOND. Mr. Sullivan, I want to ask you this, because so many people don't seem to realize the urgency of this matter, that action should be taken and taken now, and not put off: Is it your feel-

ing that action is urgent and should be taken without delay if the textile industry is going to survive in this country?

Mr. SULLIVAN. Yes, it is, Senator. I couldn't stress that more strongly. Perhaps I can put it this way to you. In 1956 we had a crisis in cotton goods when imports reached roughly 225 to 235 million square yards. At that time the crisis was recognized and the Japanese put voluntary quotas on. The exports to this country of cotton goods were established for a 5-year period. Today imports from foreign sources of all textiles exceed 1,300 million square yards, a substantial portion of our domestic production, all coming in at lower prices.

We feel, as Mr. Stanton stated in his statement, that this is really a crisis situation the solution of which must not be put off because the damage becomes greater and greater.

(The following material was subsequently received for the record.)

U.S. BALANCE OF TRADE IN TEXTILE MANUFACTURES

The U.S. balance of trade in textile manufactures has deteriorated to the extent that imports of textile manufactures in 1960 exceeded exports of such goods by $391 million. This unfavorable balance of trade in textiles is all the more striking since in 1954 the balance of trade in these goods was a surplus of $153 million. Hence, the net loss in the U.S. balance of trade has been $544 million as shown below:

U.S. balance of trade in textile manufactures, 1954–60 [1]

[In millions of dollars]

Year	Imports	Exports	Balance of trade
1954	425	578	+153
1955	542	558	+16
1956	629	565	−64
1957	615	587	−28
1958	608	515	−93
1959	796	524	−272
1960 [2]	947	556	−391

[1] Includes semimanufactures and manufactures of cotton, wool, manmade fibers, flax, hemp, armie, jute, hard fibers, and miscellaneous fibers. Excludes manmade fiber staple, tow, top, monofilaments, filament yarn, tire cord, and tire fabric.
[2] Estimated—Based on 9 months actual data.

Source: U.S. Department of Commerce, Bureau of Foreign Commerce World Trade Information Service Reports, pt. 3, No. 60-26 and No. 60-42.

Unfortunately, the outlook for the U.S. balance of trade in textile manufactures points to a further enlargement of the deficit because of the continuous decline of exports and the rising level of imports.

THE INEFFECTIVENESS OF THE 1961 WOOL FABRIC TARIFF RATE SCHEDULE

The new wool fabric tariff rate schedule effective January 1, 1961, replaces the Geneva Reservation, a tariff quota provision of the 1948 agreement (GATT) invoked in 1956 which reserves the right to the United States to increase the ad valorem duty when imports exceed 5 percent of 3-year average annual U.S. production of similar fabrics from 25 percent to 45 percent. The establishment of this new tariff rate schedule did not affect the specific duty of 37.5 cents per pound levied on U.S. imports of wool fabric.

The effectiveness of the 45 percent ad valorem duty as a means of limiting imports weakened steadily until in 1960 the quantity of cloth imported under the 45-percent rate exceeded that imported under the 25-percent rate, as shown below:

U.S. wool cloth imports before and after the 5 percent breakpoint

Year	5 percent breakpoint	Date filled	Imports after breakpoint	Total imports for year
	Pounds		*Pounds*	*Pounds*
1957	14,000,000	July 25	1,900,000	15,897,000
1958	14,200,000	July 1	2,100,000	16,373,000
1959	13,500,000	May 18	8,989,000	22,489,000
1960 [1]	13,500,000	Mar 4	14,632,000	28,132,000

[1] Estimated—Based on 11 months' actual data.

The 1961 tariff rate schedule places a 38-percent ad valorem duty in that cloth valued over $2 per pound, or a reduction of 16 percent from the 45-percent ad valorem duty.

Duty on cloth valued from $1.26.6 up to $2 per pound is a straight 76 cents per pound while that cloth valued under $1.26.6 per pound will have a duty of 60 percent ad valorem. Although this duty is 33⅓ percent higher than the 45 percent duty under the old tariff rate quotas, the overall effect of this increase is much less as is shown by the following example of what the landed value per square yard of Italian cloth would be under the 45- and 60-percent duties. The average foreign value of Italian wool fabric in 1960 was 74 cents per square yard and the weight per square yard was 7.7 ounces. Using this value and weight, the duty paid values are as follows:

45 percent	$1.25
60 percent	1.36
Percent increase	9

These duty paid values include the 37.5 cents per pound specific duty which was not changed (18 cents for 7.7 ounces of fabric).

In 1960, 39 million square yards, or 65 percent of U.S. wool fabric imports, were those valued over $2 per pound. Hence, the new duty arrangement reduces the effective duty (45 percent) on two-thirds of the wool fabrics imported into the United States. In the case of imported fabric valued under $2 per pound, which in 1960 amounted to 21 million square yards, the effect of the new tariff rate schedule is to raise the duty paid values only slightly which in the case of Italian cloth does not appear to be significant in view of the disparity in costs of production between Italy and the United States.

But even if this new tariff rate schedule were to have some effect, the whole cloth schedule can be bypassed by means of a shift by foreign countries to exports of woven apparel goods whose ad valorem duty presently is only 21 percent. Further advantage accrues to shipments of woven apparel goods instead of cloth since the specific duty on these products which are valued under $4 per pound have a specific duty of 25 cents per pound compared to 37.5 cents per pound specific duty levied on wool cloth. Imports of woven apparel goods have increased sharply in the past 3 years, 225 percent, and Hong Kong which until recently has concentrated her apparel exports to the United States in cotton garments has begun to ship sizable quantities of woven apparel goods made of wool to the United States.

Reports from the Prato area in Italy, one source of manufacturers of low-cost reprocessed woolen fabrics for which this area is famous, indicate that many firms in the area are now upgrading their fabrics so that they can now produce cloth in a price bracket that will reduce the tariff rate from the 60 percent levy on the low-cost goods to the new 38-percent ad valorem duty, thus taking advantage of the duty cut from 45- to 38-percent ad valorem.

It is fair to assume that increased imports of medium-priced goods, as a result of this cut in effective wool cloth duty on fabric valued over $2 per pound, will tend to force domestic mills to overproduce in lower priced lines, thus causing further disruption in domestic wool fabric markets.

Senator THURMOND. I wish to thank you for your contribution here, Mr. Sullivan.

I am through, Mr. Chairman.

Senator PASTORE. Did you see that television show that was on in the last week, where CBS reported on Hong Kong?

Mr. SULLIVAN. Yes.

Senator PASTORE. Narrated by William Holden, the actor?

Mr. SULLIVAN. Yes, sir.

Senator PASTORE. And it told the story of this refugee who established himself, after his house burned down, in a small shack built by the waterfront on the street, and his wife sewed all day, sewing canvas tops for sneakers. She would go to the factory and pick them up and bring them home and sew all day long. That was the most treasured thing that they had in the house, the sewing machine. And she worked all day long for $1, sewing these sneaker tops.

Now how are you going to compete with that? People talk about improving our technology, improving our know-it-all. How can we compete with that? Not that I am being critical of those people, because they have a right to live as well, but this idea that we can compete with that sort of thing, vis-a-vis, to me is just closing your eyes to the plain truth. That is what you are up against.

I think that brought it out very vividly, this poor woman with four or five children who sewed all day long at this machine, from sunrise until dark, and all she got for her effort was $1.

We hear people talk about not raising your minimum wages in the United States of America because we have to compete with that abroad. We would have to go back to the Dark Ages in order to put our wage scale on that level. That is not the answer. You can never achieve progress through retrogression. You can't go back to slave wages in order to compete and raise America to the level that it deserves to be lifted.

After that whistlestop speech I think we will all stop for lunch.

We will meet again at a quarter to 2.

(Thereupon, at 12:59 p.m., the subcommittee was recessed, to reconvene at 1:45 p.m., this same date.)

AFTERNOON SESSION

Senator PASTORE. I have been handed a letter which is addressed to the Honorable Ernest F. Hollings, Governor of South Carolina. It is signed by John F. Kennedy and is dated August 31, 1960.

This letter has been published before, I understand.

Mr. Sullivan, has this been published before?

Mr. SULLIVAN. Yes, it has been published.

Senator PASTORE. There is nothing confidential about it?

Mr. SULLIVAN. There is nothing confidential about it.

Senator PASTORE. This will be made a part of the record, as part of your statement.

(The document is as follows:)

U.S. SENATE,
Washington, August 31, 1960.

HON. ERNEST F. HOLLINGS,
Governor of the State of South Carolina,
Columbia, S.C.

DEAR GOVERNOR HOLLINGS: I would, of course, be delighted to discuss with you and with industry leaders the import problems of the textile industry and the development of constructive methods for showing the growth and prosperity of the industry in the future. The critical import situation that confronts the textile industry which you so eloquently describe in your letter is one with which I am familiar. My own State of Massachusetts has suffered and is suffering from the same conditions. The past few years have been particularly

difficult for this industry. There seems to have been a basic unwillingness to meet the problem and deal constructively with it. During the first 6 months of this year imports of cotton cloth are twice what they were during the same period in 1959, the highest year on record. Similarly, alarming increases are occurring on other textile and apparel products. Since 1958 imports have exceeded exports by constantly increasing margins. There are now 400,000 less jobs in the industry than there were 10 years ago. It is no longer possible to depend upon makeshift policies and piecemeal remedies to solve the problems which the industry faces.

As you know, I supported the establishment of the special Senate Subcommittee for the Textile Industry, under the chairmanship of Senator Pastore, of which Senator Strom Thurmond is a member. In an effort to help develop suggestions to improve the competitive position of the industry in the United States and world markets, this subcommittee for the first time undertook a broad investigation of the problems of the U.S. textile industry and offered a number of constructive recommendations. With only minor exceptions, the Eisenhower administration has failed to implement these recommendations.

I agree with the conclusions of the Pastore committee that sweeping changes in our foreign trade policies are not necessary. Nevertheless, we must recognize that the textile and apparel industries are of international scope and are peculiarly susceptible to competitive pressure from imports. Clearly, the problems of the industry will not disappear by neglect nor can we wait for a large scale unemployment and shutdown of the industry to inspire us to action. A comprehensive industrywide remedy is necessary.

The outline of such a remedy can be found in the report of the Pastore committee. Imports of textile products, including apparel, should be within limits which will not endanger our own existing textile capacity and employment, and which will permit growth of the industry in reasonable relationship to the expansion of our overall economy.

We are pledged in the Democratic platform to combat substandard wages abroad through the development of international fair labor standards. Effort along this line is of special importance to the U.S. textile industry.

The office of the Presidency carries with it the authority and influence to explore and work out solutions within the framework of our foreign trade policies for the problems peculiar to our textile and apparel industry. Because of the broad ramifications of any action and because of the necessity of approaching a solution in terms of total needs of the textile industry, this is a responsibility which only the President can adequately discharge. I can assure you that the next Democratic administration will regard this as a high-priority objective.

Additionally, we shall make vigorous use of the procedures provided by Congress such as section 22 of the Agricultural Adjustment Act and the escape clause in accordance with the intention of Congress in enacting these laws.

Lastly, I assure you that should further authority be necessary to enable the President to carry out these objectives, I shall request such authorization from the Congress.

I hope that these thoughts are helpful to you in your own deliberations and I reaffirm my interest in discussing problems of mutual concern with you.

With all good wishes, I am,

Sincerely yours,

JOHN F. KENNEDY.

Senator PASTORE. Mr. Dunn?

STATEMENT OF READ DUNN, DIRECTOR OF FOREIGN TRADE NATIONAL COTTON COUNCIL

Mr. DUNN. Mr. Chairman, Senator: My name is Read Dunn, and I am director of Foreign Trade for the National Cotton Council, which is an overall organization representing all segments of the raw cotton industry; the producers, ginners, merchants, warehousemen, manufacturers, and also the seed crushers.

I am appearing here today on behalf of that organization and in place of Mr. William Ray Blake.

We appreciate this opportunity to appear before this subcommittee. The cotton textile import problem has worsened since the last hearing of this body.

The volume of textile imports increased so sharply and the interference became so great after the hearings of this committee in 1958 that the National Cotton Council in the summer of 1959 petitioned the Secretary of Agriculture to initiate restrictive action under section 22 of the Agricultural Adjustment Act.

Inasmuch as your letter asks for an updating of this situation and of developments since that time, I would report briefly on this particular development because we think it is quite important to the history of this problem.

The Secretary of Agriculture subsequently advised the President of the interference of these imports and the President requested the Tariff Commission to conduct an investigation. The Commission did so in March of 1960.

The President's letter to the Tariff Commission, however, sought to limit the investigation to the one narrow question of interference with the cotton export program. The President by his letter also sought to limit in advance the remedy that might be applied to a fee to offset the export subsidy which at that time was 8 cents per pound.

The council and other industry groups protested strongly such limitations to the White House, to the Tariff Commission, and to the Congress.

Senators Byrd, Russell, Thurmond, Holland, McClellan, Eastland, and Stennis wrote the President protesting the limitation and urging a full and complete investigation and recommendations based on the facts as authorized by section 22.

The President did not change his request of the Tariff Commission. The Chairman of the Tariff Commission did rule that although it was limited by the President's letter to an investigation of interference with the export program only, it would accept testimony on the effect of imports on the entire cotton program.

The National Cotton Council presented its case fully as though there had been no limitation. We established—

(1) That the imports of cotton in the form of cotton products in 1959 amounted to the equivalent of about 318,000 bales;

(2) That 1959 imports were about 10 times what they were 10 years earlier and according to all indications they will continue to increase at a very rapid rate unless some action is taken to stop them;

(3) That the volume of cotton imported in the form of products was approximately equal to the output of 16,000 cotton farms, and, therefore, very material;

(4) That the imports frustrated the raw cotton import quota of approximately 32,000 bales established in 1939 following the announcement of the cotton export subsidy to prevent interference with the domestic price-support program;

(5) That the imports also interfered with the current acreage allotment and surplus disposal programs, the purpose of which was to increase the total disposition of American cotton;

(6) That these imports also increased the cost to the Government of the price-support program;

(7) That these imports reduced substantially the amount of cotton processed in the United States and so fulfilled another criteria for restriction under section 22.

The council pointed out that the success of all the USDA's cotton programs depends on a strong domestic industry which is profitable enough to further modernize its equipment and make increased investment in research and development necessary for product improvement and for promotion to further stimulate sales.

The council called attention to the fact that the United States is now supplying the rest of the free world only about 12 percent of the cotton it consumes, so that on the average one might expect most of the cotton products entering the United States to be made from non-U.S. cotton.

The decision when finally rendered by the Commission was adverse. The majority holding to the very narrow limit suggested by the President in his letter found no interference with the cotton export program. They even made the ridiculous comment that imports could interfere with the export program only if the imports reduced exports and suggested imports might increase exports. As a result of its findings, the majority recommended no restrictions.

The minority, holding to the broader view that the export program could not be considered in vacuo, found interference with the various cotton programs of the Department of Agriculture of which the export programs are part, and recommended a system of tariff quotas.

In a letter to the Senators above mentioned, Gen. W. B. Persons, of the White House staff, attempted to defend the limitations imposed on the scope of the investigation with the argument that section 22 was designed to protect only those imports induced by the agricultural price-support programs and suggested that possibly other procedures should be followed.

Such a construction of section 22 was denounced by the same group of Senators in another letter to the White House on March 23, 1960, after the recommendation of the Tariff Commission but before the President acted on the recommendation. A number of other Senators commented to the same effect on the floor.

"It was not anticipated that any Presidential directive could 'amend' section 22 or would interpret it in such a way as to render it impotent," they stated. A copy of these letters as printed in the Congressional Record is enclosed, and can be inserted in your record, if you so desire.

We think the President's letter and the majority decision was a circumvention of the intent of Congress. We think this subcommittee should carefully investigate the section 22 case on textiles, and if any additional legislation is needed to make section 22 effective we hope it will be enacted.

Oddly enough, President Eisenhower 2 days before leaving office sent another letter requesting the Tariff Commission to investigate the interference of imports of a number of preliminarily processed cotton products with the various cotton programs of the Department of Agriculture. It also asked the Commission to determine whether these imports reduce substantially the amount of cotton processed domestically.

The letter includes none of the limitations to which we so strenuously objected in the first letter. The letter specifically mentions all of the official criteria of section 22. It does not seek to limit the remedy that may be applied.

The letter does limit the products that can be considered to those before the yarn stage. The raw cotton industry is feeling the brunt of these imports in reduced markets at home.

Since the Tariff Commission hearing last year, imports of cotton products have continued their steady and relentless expansion. Shortly after the hearing the USDA completed and published for the first time a full study of the cotton equivalent of yarn, cloth, and product imports. Attached is a copy of this full report through 1959, and subsequent reports through October 1960.

"The Cotton Situation" for January 1961, just released by the Department of Agriculture, estimated that imports of all cotton products other than picker lap for 1960 would be equivalent to 550,000 bales. Imports of picker lap according to the same source were estimated equivalent to about 51,000 bales for 1960. These reports are enclosed.

The November figures just received but not yet published indicate a figure slightly lower than had been estimated, but it is still expected the total will equal near 600,000 bales of cotton, almost double the amount in the previous year. The increase continues to come largely from the low-wage countries, as the enclosed reports show.

The large part of the decline in cotton consumption by domestic mills currently is attributed to the rise in the volume of cotton product imports.

The cotton industry is united in its resolve that these imports must be stopped in the interest of the entire industry.

The National Cotton Council, which represents all six segments of the industry, at its annual meeting last week in Memphis adopted unanimously a resolution:

> That the council seek appropriate action to provide reasonable protection against cotton textile imports.

We hope this committee will do everything in its power to help stop these imports.

Thank you.

Senator PASTORE. Senator Thurmond?

Senator THURMOND. I want to congratulate you on your statement.

Senator PASTORE. Senator Cotton?

Senator COTTON. It is an excellent statement.

Thank you very much.

Mr. DUNN. Thank you very much.

(The documents referred to follow:)

Imports of cotton cloth by calendar quarters, July 1957 through September 1960

[Thousands of square yards]

Year and quarter	From Japan	From India	From Hong Kong	From Formosa	From Pakistan	From Korea	From all other	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1957:								
3d quarter	19,267	87	937	0	1	0	7,374	27,666
4th	22,022	267	48	3	3	0	7,585	29,928
1958:								
1st quarter	27,652	203	17	3	0	161	5,755	33,791
2d quarter	28,788	200	704	17	3	0	8,375	38,087
3d quarter	27,987	440	516	92	9	2,079	8,452	39,575
4th quarter	21,970	431	1,110	55	16	2,553	8,022	34,157
1959:								
1st quarter	25,192	691	1,436	48	11	1,690	8,428	37,496
2d quarter	27,322	1,627	5,522	187	229	211	12,056	47,154
3d quarter	24,563	6,065	10,535	3,193	2,786	1,925	10,355	59,422
4th quarter	25,306	17,555	13,440	5,818	5,086	4,464	34,355	106,024
1960:								
1st quarter	22,485	18,943	18,796	4,387	4,976	6,771	46,022	122,380
2d quarter	23,028	11,142	19,341	4,701	3,918	4,222	69,113	135,465
3d quarter	23,687	10,973	24,752	3,423	2,986	5,146	48,645	119,612
October	6,776	3,114	6,056	2,823	353	1,441	7,105	27,668

Source: Bureau of the Census, U.S. Department of Commerce.

Imports of cotten end products by calendar quarters, July 1957 through September 1960

[Value in thousands of dollars]

Year and quarter	From Japan	From Hong Kong	From Philippines, Nansel, and Nappo groups and Formosa	From all other	Total
(1)	(2)	(3)	(4)	(5)	(6)
1957:					
3d quarter	12,526	2,238	3,103	7,777	25,644
4th quarter	10,917	2,664	3,292	7,943	24,816
1958:					
1st quarter	13,840	3,442	2,857	7,203	27,342
2d quarter	11,008	4,613	2,704	6,257	24,582
3d quarter	14,966	4,812	3,258	8,941	31,977
4th quarter	9,673	5,147	3,935	7,031	25,786
1959:					
1st quarter	12,545	8,818	2,659	8,108	32,130
2d quarter	14,155	12,276	3,945	8,053	38,429
3d quarter	15,417	10,201	3,646	9,137	38,401
4th quarter	11,878	15,035	4,420	12,474	43,807
1960:					
1st quarter	13,458	17,193	4,421	10,460	45,532
2d quarter	13,932	17,694	4,123	10,311	46,060
3d quarter	17,439	12,822	5,920	12,995	49,176
October	3,251	2,260	1,486	4,671	11,668

Source: Bureau of the Census, U.S. Department of Commerce.

Raw Cotton Used in Textile Manufactures Entering United States Foreign Trade

By
Frank Lowenstein and Charles H. Wittmann

Exports and imports of cotton textiles and textile products have varied widely from 1920 through 1959. (See figure 1.) Exports of cotton textiles during the postwar period were in general slightly above those of the 1920's. The annual average in the 1920's was equivalent to 511,000 bales, and the 1946-59 annual average was 717,000 bales. During the 1930's exports of cotton textiles and textile products dropped sharply, owing to the depression probably, and then climbed to a peak of 1,580,000 bales in 1947. Since 1947 exports have trended downward but in 1959 they were still at about the level of the 1920's.

Imports of cotton textiles and textile products were generally at a level of about 100,000 bales from 1920 through 1940. During World War II imports were very low and remained low through 1949 because of the dislocation of the textile industries abroad brought on by the war. Since then, imports have risen rather steadily, and they reached a record high in 1959, about 350,000 bales.

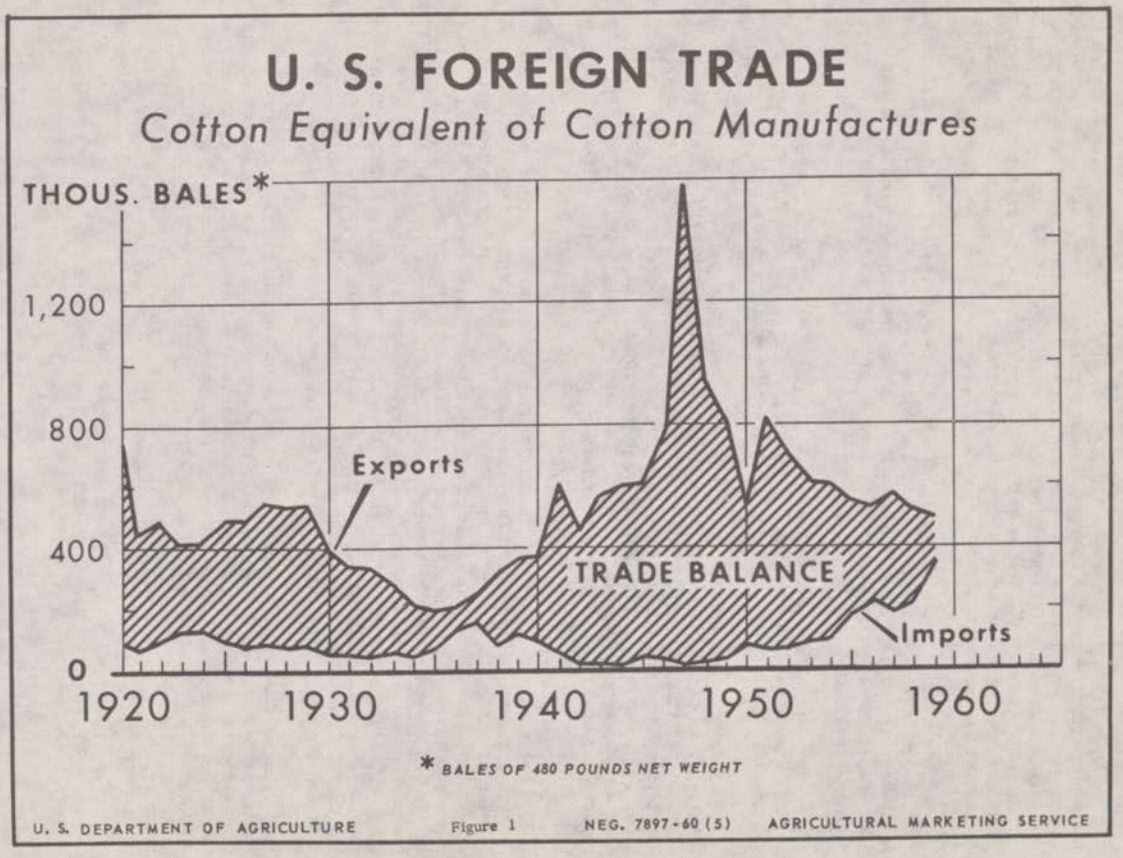
The trade balance, that is, exports minus imports, has varied markedly throughout the period under discussion. The peak trade balance prior to World War II was 661,000 bales--in 1920. Of course, the peak in the postwar period was in 1947 when exports were large and imports were small because of the dislocation of the textile industries in foreign countries brought on by World War II. Excluding 1947 and 1948, which also showed some effects of war; dislocations abroad, the rate of decline in exports averaged about 4 percent a year (from 1949 to 1959). Imports rose sharply during this 11-year period, amounting to an annual average increase of 21 percent.

The trade balance in 1959 was 142,000 bales, whereas in 1949 it was 764,000 bales. These rates of change are striking. However, the change in the imports started from a very low point, and in the exports from a relatively high point.

Previously quantitative measures of U. S. foreign trade in cotton textiles and textile products were lacking because the data did not lend themselves to uniform quantitative measure. Some attempts were made to estimate the quantity used in textiles and textile products entering U. S. foreign trade. In 1950, Barkley Meadows published quantitative estimates. 1/ These estimates were a continuation of an earlier series published by Robert B. Evans and Rose Monachino.

1/ U. S. Department of Agriculture, Agricultural Research Administration; Barkley Meadows, Agricultural Economist; "Trends in the Consumption of Fibers in the United States", Statistical Bulletin No. 89; Washington, D. C.; December 1950, pages 36 to 39.

Reprinted from the Cotton Situation, CS-188, May 1960, by the Agricultural Marketing Service, Agricultural Economics Division, U. S. Department of Agriculture, May 1960.


U. S. FOREIGN TRADE
Cotton Equivalent of Cotton Manufactures
THOUS. BALES*
1,200
800
400
0
Exports
TRADE BALANCE
Imports
1920
1930
1940
1950
1960
* BALES OF 480 POUNDS NET WEIGHT
U. S. DEPARTMENT OF AGRICULTURE
Figure 1
NEG. 7897-60 (5)
AGRICULTURAL MARKETING SERVICE

For a few years subsequent to 1948 the Agricultural Economics Division of the Agricultural Marketing Service brought the Meadows' estimates up-to-date but they were found inadequate and were discontinued. The inadequacy arose from the fact that Meadows had failed to include estimates for commodities that the Bureau of the Census reported in value only. As time progressed, these items increased in importance, hence estimates that excluded them understated the size of our foreign trade in cotton textiles.

This article includes estimates for all categories of cotton textiles and textile products that are imported and exported as such. It does not include estimates for textiles that are imported and exported as parts of articles primarily made from other raw materials, such as automobiles, automobile tires, furniture, etc.

The estimates shown in tables 37 and 38 do not include cotton batting, sliver, and waste. An allowance of 12 percent is made for manufacturing waste in computing the raw cotton used to manufacture textile products.

Shipments reported in quantity units other than pounds (number, dozens, square yards, etc.) accounted for about 75 percent of the value of exported manufactures prior to 1958, while 5 to 10 percent were reported in value only. For import shipments during this same period, those reported in quantity units other than pounds accounted for 15 to 40 percent of the value of all products, as did those reported in value only. However, beginning with 1958, exports reported in pounds accounted for 45 percent of the total value while for imports the corresponding figure was about 40 percent.

For those items not reported in pounds, conversion factors were required. In deriving acceptable factors for converting available data to pounds, various sources of information were utilized. Where quantity units other than pounds were given, the advice and comments of trade associations and individual firms regarding fiber weight were most helpful. The National Cotton Council's Cotton Counts its Customers provided estimates in many instances, and proved helpful for making comparisons with derived conversion factors. Government agencies also supplied valuable material concerning fiber content of products. These included the Office of the Appraiser of Merchandise of the Bureau of Customs, the Tariff Commission, and the Cotton Products Export Office, Commodity Stabilization Service of the Department of Agriculture.

One of the difficult problems encountered was the determination of weight for those commodities for which value only was reported by the Bureau of Census in its foreign trade statistics. A fundamental quantitative measure for arriving at cotton content was provided by gross shipping weight data for individual commodities, which are published in Foreign Commerce and Navigation of the United States for 1943 and 1944, and in Monthly Summary of Foreign Commerce of the United States for 1945, 1946, and January to June 1947. Additional shipping weight data covering vessel shipment for selected commodities for 1952, 1953 and 1958 were secured from unpublished machine tabulations of the Bureau of the Census. Net weight of these products was then determined by making an appropriate allowance for tare.

In converting value to pounds for so-called "basket categories," composed of a heterogeneous group of commodities, a unit value or price per pound was determined for the selected years when data were available. These prices served as "benchmarks" for arriving at prices for intervening and adjacent years. In addition to the periods for which price was determined from converted shipping weight data, actual price per pound was available for many of these products for the four years 1922-25. To obtain prices for the missing years a price index series was selected which was considered generally representative of the fluctuations of prices of manufactures over the period 1920-57. The particular series which most nearly satisfied the requirements for most of the value categories is currently published by the Bureau of Labor Statistics: Wholesale Price Index, Cotton Products, 1947-49=100, available since 1926. For the period 1920-26, a satisfactory substitute was provided by a series Cotton Goods, 1926=100, which for overlapping years showed the same relative changes between years. Prices per pound for the intervening years were derived by relating the benchmark prices to fluctuations in the BLS series, adjusted for 6-month lag. Appropriate adjustment for trend was made in those instances where the newly computed price differed significantly from the following base price. This technique was modified in some instances to meet changed Census reporting conditions, but in general, prices for missing years were derived from a given base price adjusted according to the relative change in some series indicative of price change.

It is recognized that in many cases these price estimates do not fully take account of changes in the composition of the commodity groups. Style changes which affect fiber content, changes in the reported unit of measure, shifts in country of origin of imports or destination of exports, and most of all, changes in commodity classification make it difficult to secure that homogeneity in a time series which is essential for deriving conversion factors. The conversion factors derived for the various products have not been published, because of their limited application. They were developed to fit the particular composition of the categories as published in the foreign trade statistics of the Census Bureau. They were modified or adjusted from year to year to meet the needs arising from changes in content, in combination, or reclassification of reported categories. The conversion factors are available upon request.

This compilation of the raw cotton equivalent of manufactured products entering into U. S. foreign trade is part of a study covering U. S. foreign trade in textiles made from fibers from 1920 to date. Estimates of the wool equivalent of imports and exports of wool manufactures were summarized and discussed in The Wool Situation for May 1959. A similar study for manmade fibers now in preparation, will be summarized in a later issue of The Cotton Situation. The three segments of this study will then be brought together and issued as a composite publication in which problems associated with the estimation of the fiber equivalent of textile exports will be discussed more comprehensively than previously. The conversion factors used to derive fiber estimates during the period 1920-59 will also be discussed in the composite publication. These data will be presented regularly on a monthly basis in selected issues of the Wool Situation and Cotton Situation.

Table 37.--Raw cotton equivalent of United States exports of domestic cotton manufactures, 1920-39

Year	Yarn, thread, twine, and cloth							Manufactured products										Total	
				Cloth		Total		House furnishings				Wearing apparel		Other household and clothing articles 3/	Industrial products 1/	Total			
	Yarn	Sewing thread, crochet, darning and embroidery cotton	Twine and cordage	Standard constructions and tire cord 1/	Other 2/	Weight	Bales	Blankets	Quilts, spreads, pillow cases, and sheets	Towels	Other 3/	Knit 4/	Other 5/			Weight	Bales	Weight	Bales
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 bales 6/	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 bales 6/	1,000 pounds	1,000 bales 6/
1920	27,386	1,854	3,882	232,062	---	265,221	552.7	5,733	---	---	---	29,138	14,384	45,588	1,335	96,178	200.4	361,399	752.9
1921	16,244	2,081	3,433	153,854	---	175,612	365.9	1,632	---	---	---	3,434	6,381	22,867	464	35,318	73.6	210,930	439.5
1922	17,018	1,608	3,694	164,970	5,594	193,684	403.5	2,004	468	1,742	---	12,392	5,315	14,371	5,037	41,729	86.9	235,413	490.4
1923	13,729	1,248	3,479	131,173	6,276	155,905	324.8	1,675	518	1,818	---	11,213	6,431	14,160	7,338	43,153	89.9	199,058	414.7
1924	15,538	1,296	3,590	134,832	3,991	159,237	331.7	1,341	422	1,606	---	9,894	6,347	12,895	8,672	41,177	85.8	200,414	417.5
1925	24,877	885	5,211	153,230	2,418	186,621	388.8	1,437	568	1,645	---	11,050	6,276	15,425	11,600	48,001	100.0	234,622	488.8
1926	27,314	1,191	5,674	146,051	3,527	183,757	382.8	1,696	535	1,977	---	9,366	5,646	16,203	12,782	48,805	100.4	231,962	483.2
1927	32,432	1,148	5,170	169,180	4,306	212,844	443.4	1,799	582	2,124	---	8,409	5,428	20,035	13,266	51,643	107.6	264,487	551.0
1928	30,255	970	4,867	163,426	11,343	210,861	439.0	1,538	801	3,428	---	6,953	4,766	18,721	16,453	46,660	97.2	256,521	534.2
1929	31,240	956	5,214	165,155	12,418	214,983	447.9	1,765	868	3,969	---	6,967	5,711	13,304	12,397	45,019	93.8	260,002	541.7
1930	20,603	831	3,914	122,008	7,311	154,067	321.6	1,439	719	2,359	---	4,585	4,609	10,776	10,273	34,760	72.4	189,827	395.0
1931	16,218	755	2,968	107,886	9,905	137,972	286.8	741	420	1,702	---	2,605	3,894	7,825	8,076	25,265	52.6	162,937	339.4
1932	17,627	728	2,634	110,546	10,203	141,732	295.3	870	326	690	---	1,355	2,651	5,397	6,950	18,239	38.0	159,971	333.3
1933	13,635	741	2,811	98,118	9,071	118,356	246.6	689	317	467	---	1,049	2,631	5,750	8,221	19,124	39.8	137,480	286.4
1934	8,869	608	2,344	69,659	6,498	88,378	184.1	689	328	527	---	723	2,320	4,637	7,625	16,849	35.1	105,227	219.2
1935	7,158	762	2,515	57,150	6,235	73,814	153.8	961	381	533	---	731	2,128	5,096	7,963	17,793	37.1	91,607	190.9
1936	6,532	808	3,036	68,041	6,257	78,674	163.9	733	422	695	---	988	2,742	5,740	9,347	20,667	42.9	99,381	206.8
1937	9,218	924	3,485	75,469	10,503	99,599	207.5	1,160	506	767	---	1,239	3,007	6,442	10,883	24,804	51.7	124,403	259.2
1938	11,280	879	3,216	99,716	11,039	126,132	262.8	1,108	729	1,065	---	1,249	4,671	5,856	9,748	24,426	50.9	150,558	313.7
1939	11,260	1,216	4,317	114,192	12,540	143,551	299.1	1,340	1,043	1,223	321	1,941	5,410	8,018	12,252	34,548	72.0	178,099	371.1
1940	21,373	2,062	4,577	107,044	12,040	147,096	306.4	1,484	1,413	1,450	477	1,934	4,941	10,699	10,150	32,348	67.8	179,644	374.2
1941	27,762	3,210	7,034	184,485	17,449	239,940	499.9	3,185	1,498	1,895	471	3,051	6,383	15,196	13,121	44,802	93.3	284,742	593.2
1942	22,953	2,579	4,205	143,178	6,701	181,622	378.4	599	1,395	1,130	323	2,591	5,041	12,461	12,518	36,058	75.1	217,680	453.5
1943	16,626	2,424	4,226	170,300	34,153	229,729	478.6	890	1,301	1,812	378	2,772	5,650	19,220	9,340	41,363	86.2	271,092	564.8
1944	15,359	3,397	3,804	191,861	9,970	223,791	466.2	1,056	8,441	6,370	462	3,707	12,210	21,806	11,102	65,234	135.9	289,025	602.1
1945	15,449	1,091	4,073	200,727	7,746	229,006	477.3	2,661	6,182	3,990	738	5,437	11,700	25,214	7,884	63,806	133.1	292,812	609.0
1946	19,487	3,940	6,998	235,876	17,383	284,230	592.1	3,908	8,704	8,003	1,035	10,974	18,601	34,238	12,646	98,103	191.9	376,333	784.0
1947	102,336	6,882	9,386	470,364	43,809	632,173	1,317.0	2,881	7,719	10,022	2,125	9,539	15,853	41,836	36,118	126,093	262.7	758,266	1,579.7
1948	31,549	4,384	5,594	310,890	34,399	387,116	806.5	2,581	5,070	5,183	1,508	5,380	9,831	28,819	14,336	66,708	139.0	453,824	945.5
1949	28,194	4,390	5,186	266,963	26,629	331,362	690.3	1,732	2,713	2,800	632	4,227	7,840	20,586	13,118	53,648	111.8	385,010	802.1
1950	20,648	3,710	3,585	166,811	22,908	217,602	453.3	2,845	2,113	2,272	643	3,360	6,089	14,643	9,699	41,064	85.5	258,666	538.8
1951	35,912	4,300	4,918	252,335	38,797	336,322	700.7	2,156	2,545	3,209	841	4,508	7,186	18,353	13,495	52,313	109.0	388,635	809.7
1952	25,383	2,997	4,321	223,266	29,457	285,384	594.8	3,142	3,627	5,075	1,450	4,199	6,960	16,059	11,429	51,901	108.1	337,285	703.0
1953	19,587	3,506	5,169	183,480	30,228	241,910	504.0	1,995	4,187	5,668	2,224	3,994	7,327	14,150	9,224	49,313	102.7	291,223	606.7
1954	21,625	3,452	5,206	177,482	31,909	239,334	498.6	1,826	4,588	5,369	2,001	4,199	7,648	16,777	8,279	50,847	105.9	290,181	604.5
1955	10,031	3,272	4,564	159,079	31,139	218,085	441.8	1,822	3,633	5,651	1,640	3,257	7,259	18,234	9,178	50,714	105.7	268,799	547.5
1956	17,614	2,582	4,095	146,081	33,103	203,496	424.0	1,622	3,386	5,827	1,474	2,994	8,372	17,999	9,387	51,061	106.4	254,559	530.4
1957	28,666	2,872	4,342	159,065	41,906	225,994	470.8	1,586	3,293	6,321	1,406	2,676	8,386	18,796	9,561	51,585	108.3	277,979	579.1
1958	14,684	2,316	3,210	139,030	40,435	199,675	416.0	1,221	4,348	5,974	1,625	3,041	8,849	16,855	8,496	50,409	105.0	250,084	521.0
1959	14,566	2,644	2,872	130,842	36,516	186,840	389.2	968	4,900	5,171	1,596	2,540	9,268	15,975	8,818	49,256	102.6	236,096	491.8

1/ Includes fabrics and tire cord and cloth for export to the Philippines to be embroidered and otherwise manufactured and returned to the United States. 2/ Includes tapestry and upholstery fabrics, table damask, pile fabrics and remnants. 3/ Includes curtains and draperies, house furnishings not elsewhere specified. 4/ Includes gloves and mitts of woven fabric. 5/ Includes underwear and outerwear of woven fabric, handkerchiefs, and wearing apparel containing mixed fibers (corsets, brassieres, and girdles, garters, armbands and suspenders, neckties and cravats). 6/ Includes canvas articles and manufacturers, knit fabric in the piece, braids and narrow fabrics, elastic webbing, waterproof garments, and laces and lace articles. 7/ Includes rubberized fabrics, bags, and industrial belts and belting. 8/ 480 pound net weight bales.

Table 38.--Raw cotton equivalent of United States imports for consumption of cotton manufactures, 1920-59

Year	Yarn, thread, and cloth						Primarily manufactured products												Total	
			Cloth		Total											Total				
	Yarn	Sewing thread, crochet, knitting yarn	Primarily cotton	Other 1/	Weight	Bales	Pile fabrics and mfrs. 2/	Table damask and mfrs.	Bedclothes and towels 3/	Gloves, hosiery and hdkf.	Other wearing apparel 4/	Lace fabrics and articles 5/	Household and clothing articles 6/	Misc. products 7/	Floor covering	Weight	Bales	Weight	Bales
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 bales 8/	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 bales 8/	1,000 pounds	1,000 bales 8/
1920	11,354	561	20,200	1,760	34,315	71.5	581	1,480	418	1,124	1,451	2,622	1,293	566	66	9,601	20.0	43,916	91.5
1921	3,861	776	18,458	1,910	25,005	52.1	217	992	338	2,298	1,676	3,488	1,533	273	34	10,849	22.6	35,854	74.7
1922	6,151	970	25,814	1,415	34,350	71.6	159	391	452	3,138	1,003	3,522	1,950	523	31	11,169	23.3	45,519	94.8
1923	5,752	685	38,812	863	46,058	96.0	328	322	2,458	1,838	1,646	5,135	2,681	658	41	15,101	31.5	61,159	127.4
1924	4,482	509	39,281	1,480	45,752	95.3	419	434	3,453	2,388	1,889	5,298	2,588	494	162	17,059	35.5	62,811	130.9
1925	4,180	436	24,390	2,315	31,321	65.3	610	415	3,868	2,777	1,711	4,010	2,967	468	599	16,719	34.8	48,040	100.1
1926	4,063	454	13,796	3,125	21,440	44.7	1,309	316	1,933	2,723	2,105	3,831	3,982	618	886	17,703	36.9	39,163	81.6
1927	3,692	522	13,130	4,456	21,800	45.4	1,761	370	1,907	3,056	1,820	4,144	3,825	566	1,233	18,682	38.9	40,482	84.3
1928	2,965	493	11,931	3,830	19,219	40.0	1,656	302	1,673	3,340	1,932	3,526	4,580	913	824	18,948	39.5	38,167	79.5
1929	3,014	424	12,091	3,520	19,049	39.7	1,415	431	2,971	3,136	2,291	3,674	5,360	1,376	802	21,456	44.7	40,505	84.4
1930	2,002	370	9,059	2,843	14,274	29.7	1,102	312	3,025	2,303	1,615	2,566	3,477	876	841	16,317	34.0	30,591	63.7
1931	1,615	323	8,018	1,927	11,883	24.8	1,260	287	1,901	2,998	1,260	3,358	2,575	741	1,306	15,786	32.9	27,669	57.6
1932	1,473	305	6,833	1,195	9,806	19.2	553	433	2,041	2,655	1,417	3,154	2,790	564	1,882	15,489	32.3	24,695	51.4
1933	1,815	277	7,472	1,750	11,314	23.6	408	535	1,373	3,121	1,488	3,108	3,800	666	2,795	17,488	36.4	28,802	60.0
1934	1,961	278	7,583	991	10,767	22.4	333	397	1,884	2,788	1,101	2,130	2,606	876	2,777	14,732	30.7	25,499	53.1
1935	2,444	234	12,747	1,142	16,567	34.5	991	566	2,525	3,539	2,559	2,487	3,201	966	3,668	20,502	42.7	37,069	77.2
1936	2,416	250	23,649	1,702	28,017	58.4	2,783	1,004	3,242	4,662	1,905	2,529	6,138	1,180	9,174	32,817	68.4	60,834	126.7
1937	2,295	270	32,134	2,404	37,103	77.3	2,364	2,177	5,951	4,163	1,730	2,660	7,524	1,635	11,243	39,447	82.2	76,550	159.5
1938	1,199	253	12,459	1,945	15,856	33.0	711	1,680	4,464	2,190	2,182	2,153	4,578	915	6,702	25,575	53.3	41,431	86.3
1939	1,846	265	21,376	1,991	25,478	53.1	1,223	2,817	5,194	2,234	2,356	3,149	5,265	1,510	9,288	33,036	68.8	58,514	121.9
1940	932	344	15,982	860	18,118	37.7	1,526	3,907	3,993	2,409	1,823	2,102	3,861	1,447	3,969	25,037	52.2	43,155	89.9
1941	1,365	29	13,310	145	14,869	31.0	1,274	3,635	2,016	1,357	1,219	1,215	2,240	1,140	549	14,645	30.5	29,514	61.5
1942	305	30	5,142	91	6,068	12.6	38	431	251	168	215	126	723	597	58	2,837	5.9	8,905	18.6
1943	2,342	33	4,707	251	7,333	15.3	18	187	101	159	161	140	981	326	32	2,047	4.3	9,380	19.5
1944	1,678	22	2,480	691	4,871	10.1	33	153	8	203	292	303	355	254	101	1,702	3.5	6,573	13.7
1945	2,231	34	20,450	266	23,001	47.9	8	11	18	317	329	394	647	305	200	2,229	4.6	25,230	52.6
1946	657	137	10,645	321	11,766	24.5	37	320	90	418	419	1,022	994	480	2,058	5,836	12.2	17,604	36.7
1947	793	120	3,396	239	4,548	9.5	63	581	59	260	420	702	968	406	395	3,874	8.1	8,422	17.5
1948	1,040	170	6,551	819	7,980	16.6	55	1,326	97	428	1,049	1,776	754	301	2,163	8,029	16.7	16,009	33.4
1949	299	275	4,019	345	4,938	10.3	241	1,690	150	546	1,279	5,564	655	473	2,988	13,526	28.2	18,464	38.5
1950	1,377	298	10,802	434	13,021	27.1	1,095	4,960	1,282	857	4,637	6,156	1,734	2,861	4,030	27,032	56.3	40,053	83.4
1951	1,696	309	12,142	615	14,728	30.7	1,631	4,868	1,071	816	1,726	4,839	1,409	1,684	1,759	19,823	40.6	33,945	70.7
1952	202	202	5,263	712	6,459	13.5	975	4,532	2,512	3,150	1,593	4,910	1,847	2,063	4,375	25,997	54.1	32,416	67.5
1953	224	254	15,109	1,229	16,816	35.0	393	4,892	2,780	1,363	1,602	3,990	2,318	4,279	6,123	27,740	57.8	44,556	92.8
1954	270	246	18,287	1,464	20,267	42.2	151	4,787	3,358	1,379	4,896	2,424	1,625	5,288	4,064	28,212	58.8	48,479	101.0
1955	161	191	32,049	2,004	34,405	71.7	4,564	5,511	9,518	1,765	19,502	2,779	2,307	3,328	3,259	52,553	109.5	86,958	181.2
1956	213	239	44,393	1,935	46,780	97.5	5,140	5,674	6,624	2,124	30,798	2,044	4,368	1,552	2,890	61,214	127.5	107,994	225.0
1957	183	243	30,465	2,206	33,097	69.0	2,662	4,589	6,873	2,255	33,198	2,164	3,904	2,309	1,315	3,904	62,469	130.1	95,566	199.1
1958	953	254	34,670	2,662	38,539	80.3	2,656	4,797	6,724	2,451	45,252	1,782	6,313	1,809	2,415	73,599	153.3	112,138	233.6
1959	1,569	206	62,218	4,123	68,116	141.9	3,046	4,869	6,994	2,468	68,071	1,906	8,951	1,087	2,674	100,066	208.5	168,182	350.4

1/ Includes tapestry and upholstery fabrics, tire cord fabrics, and cloths in chief value cotton containing other fibers. 2/ Includes velvets and velveteens, corduroys, plushes and chenilles, and manufactures of pile fabrics. 3/ Includes blankets, quilts, and bedspreads, sheets and pillow cases. 4/ Includes knit and woven underwear and outerwear (collars and cuffs, shirts, coats, vests, robes, pajamas, and ornamented wearing apparel). 5/ Includes nets and nettings, veils and veilings, edgings, embroideries, etc., and lace window curtains. 6/ Includes braids (except hat braids), tubing, labels, lacings, wicking, loom harness, table and bureau covers, polishing and dust cloths, fabrics with fast edges, cords and tassels, garters, suspenders and braces, and miscellaneous articles. 7/ Includes belts and belting, fish nets and netting, and coated, filled, or waterproof fabrics. 8/ 480 pound net weight bales.

Table 17.--Raw cotton equivalent of United States imports for consumption of cotton manufactures, 1940-60

Year	Yarn, thread, and cloth						Primarily manufactured products												Total	
				Cloth		Total										Total				
	Yarn	Sewing thread crochet, knitting yarn	Primarily cotton	Other 1/	Weight	Bales	Pile fabrics and mfrs. 2/	Table damask and mfrs.	Bedclothes and towels 3/	Gloves, hosiery and hdkf.	Other wearing apparel 4/	Lace fabrics and articles 5/	Household and clothing articles 6/	Misc. products 7/	Floor covering	Weight	Bales	Weight	Bales
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 bales 8/	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 bales 8/	1,000 pounds	1,000 bales 8/
1940	932	344	15,982	860	18,118	37.7	1,526	3,907	3,993	2,409	1,823	2,102	3,861	1,447	3,969	25,037	52.2	43,155	89.9
1941	1,385	29	13,310	145	14,869	31.0	1,274	3,635	2,016	1,357	1,219	1,215	2,240	1,140	549	14,645	30.5	29,514	61.5
1942	805	30	5,142	91	6,068	12.6	38	431	251	168	215	326	793	557	58	2,837	5.9	8,905	18.6
1943	2,342	33	4,707	251	7,333	15.3	18	187	101	159	161	140	921	388	32	2,047	4.3	9,380	19.5
1944	1,678	22	2,480	691	4,871	10.1	33	153	8	203	292	303	355	254	101	1,702	3.5	6,573	13.7
1945	2,231	34	20,450	286	23,001	47.9	8	11	18	317	329	394	647	305	200	2,229	4.6	25,230	52.6
1946	657	137	10,645	327	11,766	24.5	37	320	90	418	419	1,022	994	480	2,058	5,838	12.2	17,604	36.7
1947	793	120	3,396	239	4,548	9.5	63	581	59	280	420	702	968	406	395	3,874	8.1	8,422	17.5
1948	1,040	170	6,551	219	7,980	16.6	55	1,326	97	428	1,049	1,776	754	381	2,163	8,029	16.7	16,009	33.4
1949	299	275	4,019	345	4,938	10.3	241	1,690	150	546	1,279	5,564	695	473	2,928	13,526	28.2	18,464	38.5
1950	1,377	298	10,882	464	13,021	27.1	1,095	4,960	1,282	857	4,637	6,156	1,734	2,281	4,030	27,032	56.3	40,053	83.4
1951	1,656	309	12,142	615	14,722	30.7	1,631	4,288	1,071	816	1,726	4,839	1,409	1,684	1,759	19,223	40.0	33,945	70.7
1952	282	202	5,263	712	6,459	13.5	975	4,532	2,512	3,150	1,593	4,910	1,847	2,063	4,375	25,957	54.1	32,416	67.5
1953	224	254	15,109	1,229	16,816	35.0	393	4,892	2,780	1,363	1,602	3,990	2,318	4,279	6,123	27,740	57.8	44,556	92.8
1954	270	246	18,287	1,454	20,267	42.2	151	4,787	3,398	1,379	4,896	2,424	1,825	5,288	4,064	28,212	58.8	48,479	101.0
1955	161	191	32,049	2,004	34,405	71.7	4,584	5,511	9,518	1,765	19,502	2,779	2,307	3,328	3,259	52,553	109.5	86,958	181.2
1956	213	239	44,393	1,935	46,780	97.5	5,140	5,674	6,624	2,124	30,798	2,044	4,368	1,552	2,890	61,214	127.5	107,994	225.0
1957	183	243	30,465	2,206	33,097	69.0	2,662	4,589	6,873	2,255	33,198	2,164	5,509	1,315	3,904	62,469	130.1	95,566	199.1
1958	953	254	34,674	2,662	38,543	80.3	2,656	4,797	6,724	2,451	45,259	1,761	6,313	1,269	2,415	73,661	153.5	112,204	233.8
1959	1,569	206	62.270	4,122	68,167	142.0	3,046	4,868	6,993	2,463	72,203	1,906	8,952	1,522	2,675	104,628	218.0	172,795	360.0
1959 Jan.-Oct.	980	160	43,089	3,332	47,561	99.0	2,628	4,014	5,825	1,961	60,353	1,539	6,854	1,106	2,036	86,316	179.8	133,877	278.8
1960 9/ Jan.-Oct.	15,073	152	106,008	3,520	124,753	259.9	1,464	3,472	6,413	2,073	68,724	1,433	9,022	2,586	1,727	96,914	201.9	221,667	461.8

1/ Includes tapestry and upholstery fabrics, tire cord fabrics, and cloths in chief value cotton containing other fibers.
2/ Includes velvets and velveteens, corduroys, plushes and chenilles, and manufactures of pile fabrics.
3/ Includes blankets, quilts, and bedspreads, sheets and pillow cases.
4/ Includes knit and woven underwear and outerwear (collars and cuffs, shirts, coats, vests, robes, pajamas, and ornamented wearing apparel).
5/ Includes nets and nettings, veils and veilings, edgings, embroideries, etc., and lace window curtains.
6/ Includes braids (except hat braids), tubing, labels, lacings, wicking, loom harness, table and bureau covers, polishing and dust cloths, fabrics with fast edges, cords and tassels, garters, suspenders and braces, and miscellaneous articles.
7/ Includes belts and belting, fish nets and netting, and coated, filled, or waterproof fabrics.
8/ 480 pound net weight bales.
9/ Preliminary.

Table 18.--Raw cotton equivalent of United States exports of domestic cotton manufactures, 1940-60

Year	Yarn, thread, twine, and cloth							Manufactured products										Total	
				Cloth		Total		House furnishings			Wearing apparel		Other household and clothing articles 6/	Industrial products 7/	Total				
	Yarn	Sewing thread, crochet, darning and embroidery cotton	Twine and cordage	Standard constructions and tire cord 1/	Other 2/	Weight	Bales	Blankets	Quilts, spreads, pillow cases, and sheets	Towels	Other 3/	Knit 4/	Other 5/			Weight	Bales	Weight	Bales
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 bales 8/	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 bales 8/	1,000 pounds	1,000 bales 8/
1940	21,373	2,062	4,577	107,044	12,040	147,096	306.4	1,484	1,413	1,490	477	1,934	4,941	10,699	10,150	32,548	67.8	179,644	374.2
1941	27,762	3,210	7,034	184,485	17,449	239,940	499.9	3,185	1,498	1,896	471	3,051	6,383	15,198	13,121	44,802	93.3	284,742	593.2
1942	22,953	2,579	4,205	143,178	8,707	181,622	378.4	599	1,395	1,130	323	2,591	5,041	12,461	12,518	36,058	75.1	217,680	453.5
1943	18,626	2,434	4,226	170,300	34,153	229,729	478.6	890	1,301	1,812	378	2,772	5,650	19,220	9,340	41,363	86.2	271,092	564.8
1944	15,359	3,397	3,204	191,861	9,970	223,791	466.2	1,056	8,441	6,370	462	3,707	12,210	21,886	11,102	65,234	135.9	289,025	602.1
1945	15,449	1,091	4,073	200,727	7,746	229,086	477.3	2,661	6,182	3,990	738	5,437	11,700	25,214	7,284	63,206	131.7	292,292	609.0
1946	19,487	3,946	6,998	235,876	17,923	284,230	592.1	3,902	8,704	8,003	1,035	10,974	12,601	34,238	12,646	92,103	191.9	376,333	784.0
1947	102,338	6,282	9,380	470,364	43,809	632,173	1,317.0	2,881	7,719	10,022	2,125	9,539	15,853	41,836	36,118	126,093	262.7	758,266	1,579.7
1948	31,549	4,984	5,294	310,890	34,399	387,116	806.5	2,581	5,070	5,183	1,508	5,360	9,831	22,819	14,336	66,708	139.0	453,824	945.5
1949	26,194	4,390	5,186	266,963	26,629	331,362	690.3	1,732	2,713	2,800	632	4,227	7,840	20,586	13,118	53,648	111.8	385,010	802.1
1950	20,648	3,710	3,525	166,811	22,908	217,602	453.3	2,245	2,113	2,272	643	3,360	6,089	14,643	9,699	41,064	85.5	258,666	538.8
1951	35,912	4,360	4,918	252,335	38,797	336,322	700.7	2,156	2,545	3,229	841	4,508	7,186	18,353	13,495	52,313	109.0	388,635	809.7
1952	25,923	2,997	4,321	223,266	29,457	285,984	595.8	3,142	3,627	5,075	1,450	4,159	6,960	16,059	11,429	51,901	108.1	337,885	703.9
1953	19,587	3,506	5,169	183,420	30,228	241,910	504.0	1,995	4,187	5,662	2,224	3,954	7,927	14,150	9,214	49,313	102.7	291,223	606.7
1954	21,625	3,452	5,206	177,482	31,569	239,334	498.6	1,826	4,588	5,569	2,001	4,159	7,648	16,777	8,279	50,847	105.9	290,181	604.5
1955	18,031	3,272	4,564	155,079	31,139	212,085	441.8	1,822	3,633	5,651	1,640	3,297	7,259	18,234	9,178	50,714	105.7	262,799	547.5
1956	17,614	2,525	4,095	146,081	33,183	203,498	424.0	1,622	3,386	5,827	1,474	2,994	8,372	17,999	9,387	51,061	106.4	254,559	530.4
1957	22,466	2,275	4,342	155,005	41,906	225,994	470.8	1,586	3,293	6,321	1,426	2,676	8,326	18,796	9,561	51,985	108.3	277,979	579.1
1958	14,684	2,316	3,210	139,030	40,435	199,675	416.0	1,221	4,348	5,974	1,625	3,041	8,849	16,855	8,496	50,409	105.0	250,084	521.0
1959	14,567	2,044	2,872	130,849	36,517	186,849	389.3	968	5,225	5,171	1,595	2,539	9,269	15,976	8,818	49,581	103.3	236,430	492.6
1959 Jan.-Oct.	11,922	1,597	2,407	106,181	29,489	151,596	315.9	810	3,929	4,106	1,227	2,116	7,722	13,119	7,404	40,433	84.3	192,029	400.2
1960 9/ Jan.-Oct.	10,426	1,498	2,066	104,706	30,938	149,634	311.7	749	4,382	4,140	1,519	4,675	10,867	13,935	7,270	47,537	99.0	197,171	410.7

1/ Includes fabrics and tire cord and cloth for export to the Philippines to be embroidered and otherwise manufactured and returned to the United States. 2/ Includes tapestry and upholstery fabrics, table damask, pile fabrics and remnants. 3/ Includes curtains and draperies, house furnishings not elsewhere specified. 4/ Includes gloves and mitts of woven fabric. 5/ Includes underwear and outerwear of woven fabric, handkerchiefs, and wearing apparel containing mixed fibers (corsets, brassieres, and girdles, garters, armbands and suspenders, neckties and cravats). 6/ Includes canvas articles and manufactures, knit fabric in the piece, braids and narrow fabrics, elastic webbing, waterproof garments, and laces and lace articles. 7/ Includes rubberized fabrics, bags, and industrial belts and belting. 8/ 480 pound net weight bales. 9/ Preliminary.

IMPORTS OF COTTON TEXTILES CONTINUE LARGE

The cotton equivalent of imported cotton textiles during 1960 are at a record high level and are larger than exports of such textiles for the first time since records began in 1920. Data are now available for the first 10 months of 1960 and indicate essentially the same picture as described in the November "Cotton Situation" when data for only the first 7 months of 1960 were available. (See table 17.)

Imports of cotton textiles during the first 10 months of the current season were at an annual rate equivalent to about 555,000 bales. Exports were equivalent to about 493,000 bales. Thus, imports are exceeding exports by about 62,000 bales a year. Although exports are about the same as in 1959 the annual rate of imports of textiles in 1960 has increased very sharply, over the 1959 total. As explained in the November "Cotton Situation" the largest increase in cotton textiles occurred in cotton fabrics, yarn, and thread.

Imports of cotton picker laps are continuing at a relatively high rate, about 51,000 bales per year during 1960. This compares with imports equivalent to about 9,800 bales in 1959. Imports during the first 11 months of 1960 were approximately 22,110,000 pounds, equivalent to about 47,000 bales. Most of these are coming from Mexico and Canada. Imports during the first 11 months of 1960 were about 6.5 times those during the same period of 1959. (See table 5.)

The cotton equivalent of imports of cotton textiles and picker laps during 1960 is about a quarter million bales more than in 1959. Although this quantity is added to consumption of cotton in the foreign free world and therefore to United States exports of cotton, it also substitutes for consumption of about a quarter million bales of cotton by U.S. mills. Thus, foreign trade in textiles is supporting large exports of U.S. cotton (see page 6) and depressing consumption of cotton by U.S. mills.

EXPORTS OF COTTON TEXTILES

Exports of cotton textiles during the first 10 months of 1960 were at an annual rate equivalent to about 493,000 bales of cotton, compared with approximately 496,000 equivalent bales in 1959. The raw cotton equivalent of textile exports in January–October 1960 was 411,000 bales compared with 400,000 bales for the same period a year earlier. (See table 18.)

Cotton products payments under the cotton products export program from August 1 through December 1960 were larger than those over the same period a year earlier, about $7.2 million in 1960 and $6.8 million in 1959. The number of pounds exported also was larger—97.0 and 85.7 million pounds. In most individual categories export payments and the quantities covered were larger in 1960 than in the same period a year earlier. (See table 19.)

TABLE 5.—*Imports: Manufactured waste including picker laps, January–November 1959 and 1960*

Year and country	Waste, picker laps, roving, and silver		
	Quantity	Value	Price
	Pounds	*Dollars*	*Cents per pound*
1959—January to November:			
Japan	661,140	87,763	13.27
Mexico	2,271,720	517,751	22.79
United Kingdom	48,601	11,266	23.18
Other	404,663	152,016	37.57
Total	3,386,124	768,796	22.70
1960—January to November:			
Canada	11,835,297	2,952,005	24.94
Japan	2,037,280	280,915	13.79
Mexico	8,121,176	2,092,213	25.76
United Kingdom	48,182	18,888	39.20
Other	68,098	12,408	18.22
Total	22,110,033	5,356,429	24.23

Source: Bureau of the Census, U.S. Department of Commerce.

Senator PASTORE. Mr. Stevens?

Let me say to you as I said to the other witnesses, it is a pleasure to have you here.

STATEMENT OF ROBERT T. STEVENS, PRESIDENT, J. P. STEVENS & CO., INC., NEW YORK, N.Y.

Mr. STEVENS. Thank you, Senator.

I would like to mention very briefly the proposition of starting to dig yesterday morning at 9 o'clock in New Jersey, with the ultimate determination of being here when you wanted me here, with one sidelight: The mayor of New York had declared there would be only emergency vehicles on the streets of New York, and in trying to come in from New Jersey by taxicab, the New York police were stopping all cars and trucks on the approaches to the tunnels in order to keep them off the streets in New York, which was quite proper in the emergency.

When this policeman stopped the taxi in which I was riding, I said, "Officer, I promised Senate Pastore that I was going to be in Washington to testify before him and his committee tomorrow, and I don't know any way to do it except to ride this taxi to the Penn Station and get a train to Washington."

The very mention of your name, sir, was more than was needed, and he waived me to the tunnel, while shunting other cars aside.

Senator PASTORE. He must be a textile mill owner who liquidated his mill and is now doing police duties in New York. [Laughter.]

You may proceed.

Mr. STEVENS. Mr. Chairman and members of the subcommittee: My name is Robert T. Stevens. I am president of J. P. Stevens & Co., Inc., manufacturers and distributors of textile fabrics. Our plants are located in New England and the southeast. We do not use or distribute any foreign fabrics. We have more than 34,000 employees on our payroll. Their jobs are in jeopardy. Their pay envelopes are not full. In fact, those pay envelopes contain about 20 percent fewer dollars than they did a year ago. Constructive action is desperately needed now.

Thus, I was pleased to receive your invitation to appear before you at this hearing. I am deeply appreciative of the wide-ranging efforts you have made to seek out the facts in the textile industry and to make recommendations for action based upon those facts. Your report to the Senate of February 4, 1959, was a model of fact reporting and was farsighted in its proposed solution of the critical textile import problem.

It is, indeed, unfortunate that most of the subcommittee's recommendations were not acted upon. Two years have now been lost with resultant further serious industry deterioration and loss of American jobs. During those 2 years, imports of textile products from cheap-wage foreign countries have skyrocketed. For the year just ended, over a billion yards in cotton textile products entered the American market. This is an increase of nearly 2½ times in the 2 years since your report was issued. In addition, during that period, imports of wool and manmade fiber fabrics also increased substantially. Practically all of these imports were unneeded. If the facts of 2 years ago

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were a source of concern then, the facts of today are truly devastating now.

In coming before you today, I do so as an individual American businessman. I do not represent any group or organization. I speak only for the Stevens Co. and the folks who make it up. We have struggled very diligently in our company to keep our people fully employed in spite of this flood of imports. We did a reasonably successful job in this regard until several months ago. Then the roof fell in.

The collapse which the industry had been predicting to our Government for several years arrived with a bang. We had to cut out almost all overtime. Most of our plants had to go on greatly reduced operating schedules. Even so, industry inventories have gone up. Market prices have gone down drastically under the weight of these unwanted and unneeded imports. The result is that textile earnings are now in a rapid downward spiral. Expenses are being cut. Forward planning is being curtailed. It is increasingly difficult to maintain adequate research. Capital expenditures are going down.

What does all this mean? It means more textile plants are going out of business. It means more textile workers will be out of jobs. It means the purchasing power of the remaining textile workers will be further curtailed. It means the export of American jobs goes on at an accelerated pace. With 5,400,000 American workers already unemployed, is this the best that can be done for our 2 million excellent workers in the combined textile and apparel industries of the United States? Must their earnings continue to be reduced? I, for one, do not subscribe to that. I think it is all wrong.

I believe that textile workers in these United States have a right to look forward with confidence to a higher standard of living. They are not responsible for the imports which have now caught up with us. But they are the ones who feel the burden most keenly. So do their families. Likewise, their community and their State.

Textile wages were raised in 1959 and again early in 1960. We would like to see this progress continue. At this time, however, the wage rate is not the only important thing. The prime problem is to provide a full week's work, with some overtime. The purchasing power of textile workers as consumers must be restored first. I know of only one way to do this. It is to apply sensible controls now on these imports of fabrics and apparel, regardless of where they originate.

Gentlemen, your report of 2 years ago indicated that the Department of Defense ranked textiles second only to steel in terms of military essentiality. In our lifetime this great industry has played its full part in "the arsenal of democracy." We fervently hope it will never be necessary to have to play such a part again. But, if this industry is needed for the defense and survival of our country, it seems clear that we must now stop dismantling it and, instead, encourage its return to a vital role in a dynamic American eeconomy. We should be creating new American textile jobs, not destroying those we have. Given a solution to the import problem, we can, and will, create new jobs.

I am not against foreign trade. I recognize that it is both necessary and desirable as an instrument of foreign policy. I also recognize that we, as a nation, must pay a high price for our survival and the survival of the free world in this nuclear age. Speaking again for our company, we are ready to pay our share of that price. As good citizens we do not complain about that.

But what we do complain about is that the textile and apparel industries, as of today, are being called upon to pay a disproportionate share of that high price in terms of unrestricted imports. That is not in accord with the fundamental American desire for fairplay. Let our industry pay its full share, but don't ask textile employees to bear far more than their fair share.

Once our proper share of the load is determined, then we can plan and build for the future with confidence. As it is now, we don't know how much more of the American market is going to be handed over to foreign producers. Is it any wonder that, with this unlimited foreign threat, share of textile companies sell on the stock exchange at about half book value. This fact tends to foreclose access to the capital market for the necessary funds to plan, to research, and to build for the future. That access depends on earnings. Earnings, as we have seen, have been undermined by this unbridled foreign competition.

Two million American textile and apparel workers and their families are becoming increasingly aware of why their security and their purchasing power are in danger. They are learning more and more about imports. They are looking to their representatives in Congress for a solution to this problem. I believe that if the right of the American worker to look forward to a better standard of living is destroyed, the foundation of the American free enterprise system would definitely be jeopardized.

Last week I visited three of our plants, which make a wide variety of textile fabrics. I inspected those plants with a critical eye from the standpoint of their efficiency and productivity, based upon my 40 years in this industry. I found the plants which I visited to be highly efficient. This efficiency, typical of the industry, makes it possible to price textile products to the American consuming public at approximately the same basic level which existed in the 1947–49 period. What other major American industry can say that? There is no question that we must strive to increase productivity still further. When our employees understand the problems in this connection they are most cooperative. They do not mind fair competition but they know that much of the foreign competition is unfair.

In spite of these low existing prices of textile products, it is increasingly difficult to compete with imports. Why should two identical garments, for instance, men's cotton shirts, one manufactured in the United States and the other manufactured in Japan or Hong Kong, encounter different laws in interstate commerce. Included in the price of the American-made shirt are such items as manufacturing taxes imposed by Federal, State, and local taxing authorities, wage-and-hour laws, health and safety laws, and others. They apply also to the fabric maker and his suppliers, as well as to the suppliers of buttons, thread, and the boxmaker, too. We want to comply with

these laws but, of course, they are not applicable to the imports. Is this fair competition?

In terms of fabric, these imported shirts represent 42,853,087 square yards of cotton cloth. This is a very small segment of textile imports but it represents a lot of American textile jobs.

It is easier to speak of goals than to achieve them but the textile industry's goals, and surely the goals of our company, include the following. Given the proper remedial action on the import front, we will be able to achieve them:

1. We want to continue to make the finest, most durable, taste and style-satisfying fabrics.

2. We want expanded employment opportunities along with a stabilized and growing economic picture, not only for the textile industry, but also for the overall economy of the Nation as well.

Our company is very proud of its long history as an example of the American free enterprise system. It started in 1813 in a very meager way. It has withstood every boom, bust and war since that time. It has been our good fortune to grow as the economy of our country expanded. Two years hence, in 1963, we will celebrate our 150th anniversary. We have learned to roll with the punches and to deal with the various business problems which constantly arise. We do not make it a practice of asking the Government to settle our problems. However, in this case, the import situation is obviously beyond our ability to correct.

The facts regarding textile and apparel imports are all available as a basis for prompt Government action. Courage will be required to act boldly, fearing only the consequences if we fail to correct the inequities which have been forced upon this industry. Our national policy in this regard has been improvident. We cannot afford a continuation of these massive textile and apparel imports unless we are willing to wipe out substantially more jobs and seriously impair the standard of living of remaining textile and garment workers. This, I am sure, we are all unwilling to do.

Like you, I intend to continue to do everything I possibly can to seek a reasonable and prompt solution of this vital national problem. I use the world "national" advisedly. What is done in this case will, in my opinion, have an important bearing on where our economy may be heading in the future.

Thank you, Mr. Chairman.

Senator PASTORE. It is your clear understanding, Mr. Stevens, that after 2 years since we published our last report, the situation is much worse than it was then?

Mr. STEVENS. Very much worse; yes, sir.

Senator PASTORE. Can you, in a thumbnail sketch, give us several reasons for it? Is it because more is coming in from substandard nations which have now come into the textile market, or is it more goods from the same countries that were exporting to us 2 years ago?

Mr. STEVENS. The imports are coming from a greatly increased number of foreign countries now, compared with what it was 2 years ago. It is true that at that time Hong Kong, for example, was starting to become a factor, Mr. Chairman, but since that time their exports to us have grown by leaps and bounds. So have imports from India.

Senator PASTORE. This figure that you put at 2½ times more, do you mean that vis-a-vis 2 years ago?

Mr. STEVENS. Yes, sir.

Senator PASTORE. In other words, we are importing 2½ times more cotton textiles now than we did 2 years ago?

Mr. STEVENS. That is right, including textile products. By that I mean including the garments and other products made of textiles. In other words, it has gone up from a little over 400 million yards to over a billion yards during those 2 years.

Senator PASTORE. You use the word "apparel" in conjunction with your textiles or cotton as you develop your point of view in this statement of yours. I notice that that is something new with your presentation. Has that become a new idea, this idea of finished apparels?

Mr. STEVENS. Well, it is new in some very important new categories, Mr. Chairman. My testimony has previously been to include apparel within the scope of these imports.

Senator PASTORE. Maybe I didn't make myself specific enough. Has there been a greater trend toward more imports of finished apparel goods?

Mr. STEVENS. Yes, there has. I misunderstood you. The trend is very much in that direction. I think that is natural because it relates to a larger labor factor by reason of further operations on the original yard of cloth. So that madeup suits, for example, are a factor today which they were not 2 years ago.

Senator PASTORE. We have been talking in terms of 1 million workers in the textile industry. You have raised it to 2 million. You are including the apparel workers?

Mr. STEVENS. Yes, sir; I am.

Senator PASTORE. Senator Thurmond?

Senator THURMOND. Mr. Secretary, I think you have made a very fine statement.

During the past several years a number of countries have begun exporting to this country which had previously exported very little, is that correct?

Mr. STEVENS. Yes, sir.

Senator THURMOND. For instance, India, Pakistan, Spain, Portugal, and a number of others?

Mr. STEVENS. That is correct.

Senator THURMOND. Several years ago when we had these hearings I believe Japan exported more than any other country?

Mr. STEVENS. That is right.

Senator THURMOND. Japan now is only one of many countries that is exporting to us. In fact Japan has voluntarily cooperated to a great extent?

Mr. STEVENS. The so-called voluntary quota went into effect 4 years ago; yes, sir.

Senator THURMOND. So we now have really a terrific problem to deal with, and if that is an index of what could take place in the future, this situation could become extremely drastic and shut down every textile mill in this country, couldn't it, if that trend continues?

Mr. STEVENS. I would say a vast part of the industry could be shut down. I don't know that it all could be shut down. There are some specialties that I assume we would have to continue to manufacture, but in substance you are correct, sir.

Senator THURMOND. For some reason it seems that a great many of these low-wage foreign countries have decided to go into the textile business which haven't been there heretofore, and for some reason they are shipping their goods to the United States more than to any other country, and on a much greater scale than they have heretofore?

Mr. STEVENS. That is correct.

Senator THURMOND. We have now reached the saturation point and beyond the saturation point, is that right?

Mr. STEVENS. That is true.

Senator THURMOND. It was brought out here this morning, just before lunch, that during 1959 alone 16 mills in Massachusetts closed down; and, in 1959–60 14 textile mills in Rhode Island closed down. And as you know we have had them close down in many other States. We have had them close in my State.

Mr. STEVENS. That is right.

Senator THURMOND. It is just a question of how much longer this Government is going to permit the textile industry to be sacrificed on the premise that it is necessary to foreign policy.

Mr. STEVENS. That is right. That is exactly where we are, Senator. Rome is burning, and there isn't much time to save this situation.

Senator THURMOND. So far as I am concerned I can't see how anybody connected with Government, if he were to study this situation, and if he is really and truly and sincerely interested in the economy of this country, and interested in the people of this country, can take any position other than a realistic one, and that is to see that we have now reached a drastic stage and that something has to be done and done quickly. Is that the way you see it?

Mr. STEVENS. That is right. I might say, referring to India, for example, most people overlook the fact that the United States has conceded, basically to India and Pakistan, the great market in this country for jute fabrics. If you translate the jute consumption in this country into cotton it would indicate a million bales of cotton. I think if you reversed the situation and some other country had that before them, they would be very much tempted to reverse the field and require the end use of those products to be in cotton and not in jute, because I can't think of a single use that cotton wouldn't do just as well or better than jute.

There is a tremendous market that the Indians already have. Why would they want to encroach still further on us with their cotton production?

Senator THURMOND. I brought out one point this morning that I would like to get your opinion on. Do you know of any country, any country in the world, where industry is suffering as the textile industry is here, and that country hasn't done something about it to try to save it?

Mr. STEVENS. I don't happen to know personally of any country that hasn't done something about their textile industry, where they needed help.

Senator THURMOND. These other countries in the matter of imports buy what they need, and they export what they don't need. We don't need textiles here. Certainly not on the scale that they are coming in here. And as I understand the intention of the trade bill, as visualized by Mr. Cordell Hull, that was his theory, that we would furnish to nations the things that they need, and they would furnish to us the things that we need. Here we don't need textiles, it is closing down the mills, it is causing thousands of people to lose their jobs, and yet the textiles are coming in each year on a greater scale and shutting these mills down, and in a measure destroying that phase of our economy.

Mr. STEVENS. That is exactly what is going on. Of course, we have been told by various agencies of Government that this was just a trickle, that we weren't being hurt, that sort of thing. Apparently you have to go through this until you almost die, literally, before there is any real appreciation of what is going on.

Senator THURMOND. Other countries have various methods of controlling this situation. They wouldn't let textiles go to their country if they were in the situation in which our mills find themselves, would they?

Mr. STEVENS. No, sir.

Senator THURMOND. They have tariffs, they apply quotas, they apply import licenses, they exercise their currency control in such a way that they can handle the matter, and there are other ways in which they have control of this situation. It seems in this country that we are not foreseeing the dangers that actually exist and that as a result we are now in a catastrophe as regards this textile situation.

Senator PASTORE. Before I defer to Mr. Cotton, a question was asked of one of the other witnesses today, and, inasmuch as you are an operator, I will put it to you.

You developed in your presentation here today that your workers are taking home today 20 percent less pay, is that correct?

Mr. STEVENS. Yes, sir.

Senator PASTORE. Why and how do you charge this up to imports?

Mr. STEVENS. Because we are unable to operate our plants overtime due to the weight of these unneeded imports hitting the markets, the primary markets, Senator. We are just unable to actually find orders, you might say at any price, in order to permit us to run our mills on what we call a full schedule, and on what your full pay envelope is based. We are unable to do it.

Senator PASTORE. The reason I ask the question is that the argument might be made that this 20 percent is attributable to a slight recession which we are now experiencing. In other words a sag in the economy generally, rather than to imports. You charge it up to imports?

Mr. STEVENS. I think one would have to say that the fact that the economy is not going at an accelerated rate is certainly a factor in this situation. I believe the much more important factor is the proposition that over a billion yards of cotton goods are being dropped into the market and they are just not needed. To that extent these mills do not have that production to run in their plants, and that is why our people are taking home 20 percent less dollars. We don't like that.

Senator PASTORE. May I ask you another question, and this is rather speculative. I am trying to develop this one point.

You have said that within the past 2 years there have been 2½ times more volume of imports. What if it had remained the same as it was 2 years ago, what effect would this have on the 20 percent less pay that we are talking about?

Mr. STEVENS. In my opinion the Stevens Co.—I speak only for the Stevens Co. here—would be running full time in all plants and there would be no reduction of even 1 percent in the take-home pay if those imports had not come in.

Senator THURMOND. May I have another question?

Senator PASTORE. Certainly.

Senator THURMOND. Mr. Secretary, as a matter of fact hasn't it been necessary to curtail the hours that your mills are operating in a great many States? I believe that has been necessary in my State, and I assume that is the situation in every State in which you operate, is that true?

Mr. STEVENS. Yes, sir.

Senator THURMOND. You are unable to operate your mills full time now, therefore, the people make less money.

Mr. STEVENS. That is right.

Senator THURMOND. And the reason you are unable to operate your mills full time is that you don't have a market for the goods.

Mr. STEVENS. That is right.

Senator THURMOND. And the reason you don't have a market for the goods is because these excessive imports have come in here and taken a large part of the market, is that right?

Mr. STEVENS. That is right. And furthermore, depressed the market pricewise very substantially on whatever is left of the domestic market.

Senator THURMOND. They are not only taking a large part of the market but they have also caused a reduction in price to an extent which has affected the situation seriously.

Mr. STEVENS. That is absolutely correct.

Senator THURMOND. Thank you.

Senator PASTORE. Mr. Cotton?

Senator COTTON. Mr. Stevens, I bid you welcome. You have indicated at least by inference in your statement that you are in accord with the recommendations of this committee 2 years ago.

Mr. STEVENS. Yes, sir.

Senator COTTON. You have certainly demonstrated the need and admirably expressed the goals which we seek here and which are very imperative. If we could take only one step—our recommendations covered various objectives—if we could accomplish immediately only one step to do something about the desperate textile situation, what would that be if you had your choice? Would it be import quotas by categories? Is that the most desperate?

Mr. STEVENS. Yes, sir.

Senator COTTON. If we were able some way to bring that about, to get that one accomplishment without any of these other things, in your opinion would that at least tide over and for the time being save the American textile industry?

Mr. STEVENS. In my opinion it would, Senator. I might expand for a moment, Mr. Chairman, on that.

I would say that if something could be done along the lines of quantitative controls on these imports that this industry could survive and carry on, I would say that in the matter of depression, for example, that this, if later, something can be done on that, it will help in a big way to return the industry to health.

If you put it the other way and ask me the question, if we made the change in the depression but could not do anything about the quantitative controls, could the industry survive on that basis, my answer to the question would be no.

Senator COTTON. That is, the first thing would be quotas or some kind of control?

Mr. STEVENS. That is right.

Senator COTTON. By category?

Mr. STEVENS. By category, and by country.

Senator COTTON. The second thing needed for a healthy industry would be some kind of tax consideration?

Mr. STEVENS. Yes, sir.

Senator COTTON. What else, from the long-term view?

Mr. STEVENS. Personally I think, Senator Cotton, that this would do the job.

Senator COTTON. Those are the two steps you advocate, and one is much more vital than the other?

Mr. STEVENS. That is right.

Senator COTTON. Thank you.

Senator PASTORE. Thank you very much, Mr. Stevens.

Mr. STEVENS. Thank you, Senator.

Senator PASTORE. Mr. Kent?

STATEMENT OF WILLIAM I. KENT, DIRECTOR, NATIONAL ASSOCIATION OF WOOL MANUFACTURERS, NEW YORK, N.Y., ACCOMPANIED BY EDWARD WILKINSON, PRESIDENT

Mr. KENT. Mr. Chairman and members of the subcommittee, I cannot relate an episode like Mr. Stevens in coming down to appear before you, but I would like to say that I consider it a privilege to once again appear before this subcommittee.

My name is William I. Kent and I am appearing on behalf of the National Association of Wool Manufacturers, 386 Park Avenue South, New York, N.Y., of which I am a director. The gentleman on my left is Mr. Edward Wilkinson, the president of that association.

The basic statement of the association, dated January 31, 1961, covering imports, production, Government action and other factors affecting the American wool textile industry from 1957 to the present already has been submitted for the record of this hearing. In accordance with the request of your chairman I shall summarize the basic statement and, in addition, present recommendations of the association on the need for textile and apparel quotas and other action by the Government. I request that they also be made a part of the record.

Senator PASTORE. So ordered.

Mr. KENT. To further identify myself, I am president of the Kent Manufacturing Co., Clifton Heights, Pa., producer of woolen ap-

parel fabrics, and of worsted yarns made for sale mainly to the knit goods industry. Our company also operates a woolen cloth mill in Charlottesville, Va., and a worsted yarn plant in Pickens, S.C.

When this subcommittee began its study of the domestic textile industry in July of 1958 I appeared on behalf of the association of which I then was president. In addition, I am one of the three industry representatives on the Textile Advisory Committee which was formed on recommendation of this subcommittee. Thus I am fully familiar with the work of the subcommittee and its efforts on behalf of the American textile industry. Personally and for the association I express deep gratitude for your past efforts, your continuing interest, and for the opportunity to be heard today.

Highlights of the 3 years since 1957: While employment, production, and plant installations have been receding, the tide of imports since 1957 has been surging in at storm levels so that we are face to face with a clear and present danger. Unfortunately, gentlemen, time has not been on our side. Like time, the Government has not been on our side in its clear domain over foreign trade policy. Wool textile imports are at record or near-record levels. A new factor has been added—compounding the injury—sharp gains in imports of products made by our customers, the clothing and knit goods manuturers. Government action, or inaction, has been confusing and generally discouraging.

Imports: Woven wool cloth imports in 1960 surged to an all-time record of about 60 million square yards. This was an increase of 27.7 million yards, or 86 percent, over 1957.

Import sources have changed. Italy, a poor third in 1957, now is first. Britain, first in 1957, now is third. Japan continues in second place. The Italian goods are chiefly cheap woolens.

In addition to imported cloth in chief value of wool there has been a tenfold increase in imports of cheap blended cloths not in chief value of wool. These come mainly from Italy's Prato section.

The 1960 import total was 25 percent over 1959 and 75 percent over 1958. The 1960 jump over 1959 was made as U.S. production dipped about 5 percent.

Wool yarn: Wool yarn imports in 1960—about 5.6 million pounds—are an alarming 143 percent higher than in 1957 and at the highest level since 1923.

Japan supplied 59 percent of the imports. Having started by supplying high count worsted yarn she now is reported offering lower count yarns, our volume market.

No U.S. spinner is safeguarded from this creeping type of attack.

Senator PASTORE. Is there any export of this same worsted yarn?

Mr. KENT. An export from this country? No, sir; there is not.

Senator PASTORE. None at all?

Mr. KENT. Not that I am aware of.

Mr. WILKINSON. Negligible.

Senator PASTORE. Can you state that in pounds, for the record, later on?

Mr. WILKINSON. Yes, sir.

Senator PASTORE. What we are trying to do here is to develop this picture of our exports vis-a-vis with our imports and whether there has been a trend upward or downward or whether or not it remained at the same level.

Do I make that clear?

Mr. WILKINSON. Yes, Mr. Chairman.

May I make a general observation? As far as wool textile imports are concerned, they are in most categories and for most times negligible. They are not an important part of the picture.

Senator PASTORE. I would prefer very much if you would put that in percentages. In other words, the argument is constantly being made that while it is true that our imports are rising, so are our exports rising. I would like to see that picture insofar as it pertains to the merchandise that you are talking about.

Mr. WILKINSON. You shall have it, here.

Mr. KENT. Wool tops: Imports of wool tops, a semi-manufactured product, soared to about 4,870,000 pounds in 1960, a gain of 276 percent over 1957. Uruguay supplied nearly half of the 1960 total.

Wool apparel of woven cloth: Just as damaging as imports of wool textiles is the growing influx of wool apparel, the product of our customers.

The 1960 imports of clothing made of woven wool cloth—about 6.5 million pounds—were 273 percent over 1957. Japan is the chief foreign supplier. Others are West Germany, Britain, and Hong Kong.

Fortunately, the men's clothing industry is awake to its danger and has launched "Operation Survival" to brook this invasion.

Knit articles: Also increasing rapidly are imports of wool knit articles, products made by customers of our woolen and worsted spinners. Wool knit imports in 1960 were about 8,950,000 pounds, a gain of 86 percent over 1957.

Japan is the chief supplier, followed by Italy and Britain.

Summary of import section: However measured, these imports of wool textiles and apparel are damaging and all signs point to intensification rather than abatement unless Government acts, and fast.

In addition to the yardage and poundage figures I have cited, the booklet, exhibit A of our basic statement, shows that the duty-paid value of the imports in 1960 exceeded one-fourth of a billion dollars. Bear in mind that this is only the duty-paid value—not including selling costs and other factors which would increase the actual sales value in the U.S. market to well beyond a fourth of a billion dollars.

Also noted in exhibit A is the fact that these wool textile and apparel imports in 1960 weighed in at 54,270,000 pounds. This poundage is equal to nearly 50 percent of U.S. production of shorn wool. Thus the imports run counter to the aim of the National Wool Act to increase U.S. wool production, striking at the fiber producers as well as the mills.

The U.S. wool textile industry—Cloth production: Woven apparel cloth is the industry's principal product. In 1957 it produced 283 million linear yards. Production for 1958 sank to the lowest level in 20 years, 261 million yards. There was a moderate improvement in 1959 to 298 million but this proved unsustainable under existing conditions and 1960 production fell off about 5 percent to the 1957 level.

The ration of cloth imports to U.S. wool apparel cloth production in 1957 was about 7 percent. This, in 3 short years, has doubled and in 1960 was about 15 percent. The ratio, however, rises to nearly 20 percent when cloth in the form of imported clothing is added to the cloth import total.

The imports are especially injurious because they often sell at less than cost of production in U.S. mills of high efficiency.

Senator PASTORE. May I ask a question at this point?

Mr. KENT. Yes, sir.

Senator PASTORE. What is the tariff on woolen cloth?

Mr. KENT. On woolen cloth?

Senator PASTORE. Yes.

Mr. KENT. You have under the Geneva Reservation a sliding scale starting at 25 percent.

Senator PASTORE. And it comes up to what?

Mr. KENT. It goes up to 45 percent after the trigger point has been reached.

Senator PASTORE. What is the tariff on the finished woolen suit?

Mr. KENT. On the finished woolen suit?

Senator PASTORE. Yes.

Mr. KENT. I don't have it just at the moment. I believe it is 21 percent.

Senator PASTORE. It is what?

Mr. KENT. Twenty-one percent. Substantially less.

Senator PASTORE. In other words, the tariff on woolen cloth is from 25 to 45 percent and on the finished suit it is 21 percent?

Mr. KENT. I believe it is.

Mr. WILKINSON. That is the old schedule. The tariff is 25 and 45. We are now under a new tariff schedule that took effect January 1 and that is up to 38 percent, with certain exceptions.

Senator PASTORE. That is on the woolen cloth?

Mr. WILKINSON. Yes; that is on the woolen cloth. In addition to that, you have the basic tariff of 37½ percent plus 38 percent ad valorem on all goods valued over $2 a pound.

Senator PASTORE. The point I mean to establish at this juncture is whether or not the tariff is higher on the finished suit than it is on the cloth itself, which is accounting for the finished product coming in.

Mr. WILKINSON. I think it would work out lower on the basis of the woolen cloth.

Senator PASTORE. Would you repeat that?

Mr. WILKINSON. I think it would work out lower on the basis of the woolen cloth. It all depends, because we are talking about whole suits, on the value of the wool. In there you have a wide range and it would make a difference.

Senator PASTORE. I would be very much interested in that because that observation was made to me once before and it has not been described in any way. I call it to the attention of Mr. Miernyk to develop that particular phase of it, and it might be interesting to discover that because I was told in many instances where more labor is required to put the suit together you would expect the tariff to be higher in order to protect American jobs, because more jobs are involved, that in that particular instance, to show the irony and the paradox in our tariff structure, the tariff on the average is lower on the finished product, that is, the suit, which is all sewed and finished, and which takes more labor, than it is on the cloth itself.

You may continue.

Mr. KENT. Industry contraction: The trend to contraction continued. There had been a 50- to 60-percent postwar decline in machinery

when we appeared before you in 1958. From 1957 to 1959 there was a further loss of 5 to 10 percent.

Government figures show a loss of 248 wool textile establishments between 1947 and 1958. Since 1958, at least 34 mills have gone out of business. Others are reported considering liquidation.

Employment of production workers dropped by 76,000 between 1947 and 1958 and probably there has been a further decline since 1958.

Current conditions: Wool manufacturers in common with many other industries are suffering from an easing market. There appears to be some optimism conditions may improve later in the year.

Government actions: The single most important Government action affecting the wool textile industry was renegotiation under GATT of U.S. wool cloth duties, which resulted in elimination of the Geneva reservation tariff quota. The renegotiation was requested by Britain.

Tariff Commission and Committee for Reciprocity Information hearings were held in December 1959.

The day after the election, November 9, 1960, the State Department announced a new duty arrangement on woven wool cloth effective January 1, 1961. It provides for a duty of 38 percent ad valorem on goods with a foreign value of more than $2 per pound. On goods with a foreign value of $2 per pound and less the duty is 76 cents per pound but not to exceed 60 percent of value. Thus the cheap woolens, such as the Prato goods from Italy, have a higher duty than the more costly fabrics.

The new duties are higher than the average duties actually collected under the tariff rate quota which provided rates ranging from 25 to 45 percent of value. Thus it appears the Government did recognize imports were a substantial factor in the contraction of the industry.

Nevertheless, there is considerable question in the industry as to the adequacy of the new rates, particularly for Japanese fabrics, which are largely worsteds valued over $2 per pound. While the new rates are a step in the right direction, the step falls short of what the industry considers necessary to achieve stability and growth and to halt the trend to contraction.

Erosion of the tariff quota and doubt that it would be continued on any basis kept the industry in turmoil. The tariff quota could have been made much more effective, particularly if it divided fabrics into categories and if there had been additional control of imports from Japan, by means of quotas, as the industry had urged.

Other tariff actions: The Government followed a contradictory policy toward the industry. Even while developing the new cloth duty arrangement, it placed other products of the industry and of the industry's customers on the GATT bargaining list. These products may be subject to further duty cuts in negotiations this year. Included are such industry products as yarn of angora rabbit hair, wool bed blankets and robes, wool grease, synthetic fiber yarns spun on the woolen and worsted systems, and woven pile fabrics of synthetic textiles.

Products of the industry's customers include certain knit fabrics, headwear, sweaters and other knit outerwear.

Countervailing duties: Treasury in 1959 removed the countervailing duty it had imposed since 1953 on Uruguayan wool tops which were subsidized by multiple rates of currency exchange.

Though Treasury's formula showed there were subsidies on Uruguayan wool yarn and cloth, no extra duties were assessed.

Uruguay no longer has multiple-exchange rates but continues to subsidize her exports of yarn and cloth through export taxes or retentions. Treasury has shown no inclination to act. Uruguay is the fifth largest foreign supplier of wool cloth here and imports of yarn from Uruguay are beginning to rise.

Japan's subsidy: In response to a request by this association, Treasury studied the Japanese link system of granting exchange for wool purchases but found by some legerdemain that there was no subsidy on Japan's exports of wool textiles. Japan is to end the link system this year.

The link system is frankly recognized in Japan as a subsidy and the British term it a subsidy. The British now charge that Japan intends to find an alternative system of export subsidies through exceptionally high import duties.

We hope this committee will impress upon the new Treasury administration its nondiscretionary obligation under section 303, Tariff Act of 1930, to promptly countervail subsidized imports.

Cashmere duty: The duty on cashmere was increased last August when a 1943 United States-Iran trade treaty was canceled. The Government, however, did not make a corresponding increase in the specific compensatory duty rate on cashmere manufacturers. Thus, U.S. processors are hit both by increased raw material costs and lessened protection on imports of cashmere manufactures.

Bills with bipartisan support were introduced in the last Congress to return the cashmere duty to the treaty rate. The present President was one of the sponsors. Similar bills have been introduced in the present Congress and we urge your support. Cashmere also has been put on the GATT bargaining list but we believe the legislative approach is best.

Foreign assets cashmere hearing: Recommendations of this subcommittee led to a hearing by Treasury's Foreign Assets Control Administration on the effect of its regulations banning importation of cashmere from Communist China but permitting imports of goods made outside of China but containing Chinese cashmere. In June 1959, Treasury announced it would make no change in the regulations.

Similar regulations apply to angora rabbit hair grown in China and handicap U.S. manufacturers.

Escape-clause changes needed: The Tariff Commission by a 4-to-2 decision in 1960 interpreted the escape-clause provision of the Trade Agreements Act to mean that it cannot consider injury to an industry caused by imports of products made by that industry's customers. For example, woolen and worsted mills could not claim damage from imports of cloth in the form of clothing.

We doubt that Congress intended such an interpretation and urge you to recommend necessary changes.

Senator PASTORE. Thank you very, very much.

Mr. KENT. I have a few recommendations, if I may.

Senator PASTORE. All right.

Mr. KENT. Before detailing the recommendations of the National Association of Wool Manufacturers, let me first reemphasize an extremely important trend in imports since 1957. Aside from the sharp jump in the imports of woven wool cloth in the last 3 years, there were also rising imports of other industry products—wool yarn and top. In addition, there is alarming and rapid rate of growth in imports of products made by our customers, clothing manufacturers, and knitters. This broadened assault by low-wage foreign competitors upon both the wool textile industry and its customers cannot be dealt with piecemeal. There must be comprehensive safeguards for all kinds of wool textiles and wool clothing.

Now let me repeat three points mentioned in our basic statement:

1. We urge this subcommittee to consider means of assuring that the Treasury Department carries out its obligations to countervail subsidized imports under section 303, Tariff Act of 1930.

2. We urge your support of bills to reduce the duty on cashmere to the rates in the United States-Iran trade treaty canceled last August.

3. We urge you to recommend necessary changes in the escape-clause provision of the Trade Agreements Act to require the Tariff Commission to consider injury to an industry caused by imports of products made by that industry's customers.

In submitting our key recommendation, it is enlightening to recall the February 4, 1959, report of this subcommittee. The report noted that under our most-favored-nation policy:

> Like imports are dutiable at the same rate regardless of the country of origin.

It added that—

> the wide spread in wage rates and hence costs between European and Far Eastern textile producers make it impossible to set a tariff duty which would be fair and equitable.

Then the report recommended quotas by categories and countries.

Gentlemen, we agree completely, and in common with other sections of the American textile and apparel industries believe that the Government, in the national interest, must—

Establish textile and apparel quotas for each country exporting these products to the United States, with the quotas divided into product categories to prevent concentration in any particular type of goods; and establish duties on goods within the quotas adequate to prevent imports from selling in the U.S. market at less than the cost of production in U.S. plants of high efficiency.

Thank you very much.

Senator PASTORE. Senator Thurmond.

Senator THURMOND. You are recommending, Mr. Kent, quotas in categories and by countries, aren't you?

Mr. KENT. That is correct, Senator.

Senator THURMOND. Similar to what was recommended by the cotton manufacturers?

Mr. KENT. That is correct, sir.

Senator THURMOND. I want to ask you this question on wool: We have heard more about cotton than we have about wool, and somebody told me some time ago that maybe not enough attention has been given to the wool question.

Do you feel your industry is in as serious jeopardy as the cotton manufacturers?

Mr. KENT. I say this with a very personal prejudice. I would say we are substantially worse off than the cotton industry. I have never tried to compare the two industries, but I can say this, speaking for the wool interests alone, we face a very severe and drastic situation as of now.

Senator THURMOND. And you do feel it is drastic and that action should be taken by Government to remedy the situation?

Mr. KENT. Action must be taken immediately. Otherwise all of these problems we have been forecasting will come to fruition.

Senator THURMOND. If action is not taken by the executive or legislative or both branches of the Government then it means immediate closing for a good many of your mills, does it not?

Mr. KENT. That is correct.

Senator THURMOND. I want to thank you for your fine statement.

Mr. KENT. Thank you, sir.

Senator PASTORE. Thank you very much.

(The following documents were submitted by Mr. Kent, along with his prepared statement, for insertion in the record.)

COMMENTS AND RECOMMENDATIONS OF THE NATIONAL ASSOCIATION OF WOOL MANUFACTURERS SUBMITTED BY WILLIAM I. KENT, A DIRECTOR

The following comments and recommendations for dealing with the worsening wool textile and apparel import situation are submitted for your consideration.

GENERAL COMMENTS

When I appeared before you in July of 1958, imports of wool textiles, of other types of textiles and of some kinds of apparel had made sharp and damaging increases. We predicted that this upward surge would continue unless the Government acted decisively. There also were clear indications that many other industries, then largely untouched, would begin to suffer import damage. All this has come to pass. For example, a Chicago union of electronics workers is distributing signs reading, "Unemployment—Made in Japan."

Despite the upward trend of imports of many competitive products, despite difficulties in various export markets, despite growing unemployment, despite the gold outflow, there still is a great deal of talk about the necessity for the United States to import ever-increasing amounts of an ever-increasing variety of products.

The time has come, we believe, for specifics: Just what competitive products does this country need to import and why? Is it in the national interest to sacrifice any essential industries, or parts of them, to low-wage foreign plants which, if transplanted intact to the United States, would not be permitted to enter their products in interstate commerce under our laws?

Specific answers to these questions are required, with the import needs of the United States determined on the basis of national interest.

We find that those who would further reduce our already low tariffs also would strip the Trade Agreements Act of its presently inadequate peril point and escape clause provisions. They acknowledge, however, that some industries and their employees would be injured, or put completely out of business and jobs. These freer trade advocates propose Federal subsidies and retraining and relocation of displaced workers. Such an approach, even if import damage could be precisely defined and pinpointed, is aimed only at the results and fails to consider the cause.

Moreover, American industries do not want or seek Federal handouts. Even as our foreign competitors, they want "Trade, Not Aid." They believe the Government must provide safeguards against low-wage imports which will permit American industries and their employees to continue to produce under American standards.

RECOMMENDATIONS

Before detailing the recommendations of the National Association of Wool Manufacturers, let me first reemphasize an extremely important trend in imports since 1957. Aside from the sharp jump in imports of woven wool cloth in the last 3 years, there also were rising imports of other industry products—wool yarn and top. In addition, there is alarming and rapid rate of growth in imports of products made by our customers, clothing manufacturers and knitters. This broadened assault by low-wage foreign competitors upon both the wool textile industry and its customers cannot be dealt with piecemeal. There must be comprehensive safeguards for all kinds of wool textiles and wool clothing.

Now let me repeat three points mentioned in our basic statement:

1. We urge this subcommittee to consider means of assuring that the Treasury Department carries out its obligations to countervail subsidized imports under section 303, Tariff Act of 1930.

2. We urge your support of bills to reduce the duty on cashmere to the rates in the United States-Iran trade treaty canceled last August.

3. We urge you to recommend necessary changes in the escape clause provision of the Trade Agreements Act to require the Tariff Commission to consider injury to an industry caused by imports of products made by that industry's customers.

In submitting our key recommendation, it is enlightening to recall the February 4, 1959, report of this subcommittee. The report noted that under our "most favored nation" policy, "like imports are dutiable at the same rate regardless of the country of origin." It added that "the wide spread in wage rates and hence costs between European and Far Eastern textile producers make it impossible to set a tariff duty which would be fair and equitable." Then the report recommended quotas by categories and countries.

Gentlemen, we agree completely and in common with other sections of the American textile and apparel industries believe that the Government, in the national interest, must establish textile and apparel quotas for each country exporting these products to the United States, with the quotas divided into product categories to prevent concentration in any particular type of goods; and establish duties on goods within the quotas adequate to prevent imports from selling in the U.S. market at less than the cost of production in U.S. plants of high efficiency.

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January 31, 1961

STATEMENT OF THE NATIONAL ASSOCIATION OF WOOL MANUFACTURERS

TO SENATE INTERSTATE AND FOREIGN COMMERCE SUBCOMMITTEE

TO INVESTIGATE PROBLEMS OF THE DOMESTIC TEXTILE INDUSTRY

This statement is submitted by the National Association of Wool Manufacturers, 386 Park Avenue South, New York 16, N. Y. It is a national trade organization representing mills producing about 70% of the textiles made on the woolen and worsted systems in the United States, excluding carpets and rugs.

Senator Pastore, the Subcommittee chairman, in his letter inviting this Association to testify, said, "The Subcommittee will be particularly interested in changes which have occurred between 1957 and the present." In summary, the story of the American wool textile industry since 1957 is a story of rapidly mounting imports of wool textiles and of woven and knit clothing, of further industry contraction plus generally contradictory and confusing Government action or lack of action. Attached as Exhibit A is our booklet "Danger Clear and Present - The Urgent Need for Quotas to Control Low-wage Imports of Textiles and Apparel." We shall deal first with imports.

IMPORTS

Woven Cloth

Imports of woven wool cloth, the principal product of the industry, have jumped dramatically since 1957. In 1960 they soared to an all-time record estimated at about 60 million square yards, an increase of some 27,700,000 square yards, or 86% over 1957. The increase of 1960 imports over 1957 - 27.7 million yards - is greater than total cloth imports in any post-war year up to 1955.

In 1957, Great Britain was the chief foreign supplier of wool cloth here, with Japan second and Italy a relatively poor third. In 1958 the nature of the imports from Italy began to change. Until then the Italian goods were reported to have been mainly worsteds rather than woolens. In 1958, however, there was an upsurge of imports of cheap woolens from Italy's Prato area. In 1959 Italy vaulted over both Japan and Britain to become the largest foreign supplier, a position she maintained in 1960. Japan has continued in second place and Britain is third on a yardage basis but first in dollar value. In 1960 Italy accounted for about 42% of the imported yardage, Japan 25% and Britain 24%.

The importance of Italy as a supplier of fabrics here is not fully reflected in these figures which are based entirely on cloth wholly or in chief value of wool. In addition, a rapidly growing volume of blended cloth came from the Prato woolen mills. These cloths contain 17% or more wool but are not in chief value of wool. In 1957 total imports of these blended fabrics amounted to no more than 700,000 square yards. In 1959 they increased almost tenfold from 1957 to about 7 million square yards.

Most of the Prato goods contain large percentages of reprocessed or reused wool. Whether through ignorance of our law, or otherwise, there is reason to suspect there has been little compliance by the Prato mills with our Wool Products Labeling Act, thus increasing the disadvantage of U.S. mills properly labeling similar goods.

The emergence of Italy as chief supplier of imported fabrics here, mainly in the low-priced field, emphasizes the difficulty of determining which country or countries next may strike the American woolen and worsted market.

The 1960 import total was 25% higher than the previous record year, 1959, and 75% over 1958. The 25% increase in 1960 over 1959 was achieved while U.S. production of woven wool apparel fabrics dipped about 5%.

Wool Yarn

Imports of wool yarn in 1960 are estimated at 5.6 million pounds, an increase of 143% over 1957, and the highest level since 1923. In 1960 Japan accounted for 59% of the total, Belgium 24% and France 9%. When Japan first began to export wool yarn to the U.S. in volume in 1955 they were mainly fine count worsted yarns. Now, having largely eliminated U.S. spinners from the fine count market, Japan is reported to be offering lower counts and thus threatens to make increased inroads into the market where the largest volume exists. No U.S. spinner is safe from paralysis in this creeping type of attack.

Wool Tops

Imports of wool tops in 1960 increased to an estimated 4,870,000 pounds, a gain of 276% over 1957. This was the highest level since 1953 when the U.S. imposed a countervailing duty, to offset the subsidy on Uruguayan wool tops which resulted from multiple currency exchange rates. This extra duty was removed in 1959. Imports of tops were nominal after 1953 until they jumped sharply in 1959, with a further increase in 1960. Uruguay accounted for about 47% of the 1960 total, Great Britain 31% and South Africa 8%. (Top is wool which has been scoured, carded and combed preparatory to spinning into worsted yarn.)

Wool Apparel of Woven Cloth

The rapidly mounting imports of wool textiles are adding to the damage sustained by the industry and its employees since the end of World War II. Still other imports now are threatening to compound the damage--a rising influx of products made by the industry's customers, the clothing and knit goods manufacturers.

Imports of clothing made of woven wool fabrics are estimated at 6.5 million pounds in 1960, a jump of 273% over 1957. In 1960 the chief foreign supplier was Japan. Other important suppliers are West Germany, Britain and Hong Kong.

The men's clothing industry, a leading customer of the U.S. woolen and worsted industry, as recently as 1957 opposed efforts of U.S. wool mills to obtain adequate tariff protection. Significantly, it has awakened to its own danger and has organized The Men's Clothing Industry Import Committee and launched "Operation Survival." The Committee is seeking to raise $1,000,000 to combat imports. The first "Operation Survival" advertisement, appearing in Daily News Record on November 28, 1960 said in part:

> "...we cannot complain that we have not been warned; the alert has been sounded often, loud and clear...
>
> "More than a year ago another warning came from a special Senate Subcommittee on Interstate and Foreign Commerce, chaired by Senator Pastore (D) of Rhode Island. This warning concerned the crippling impact of imports on the textile industry--a story that we in our industry know all too well.
>
> "Let us admit that when Government permitted a flood of fabrics from low wage countries to engulf American mills, many apparel manufacturers rushed to buy the imports, to the detriment of our own textile industry and ultimately ourselves."

Naturally, wool manufacturers are happy to welcome their customers into the "fold."

Knit Articles

In addition to growing imports of clothing of woven fabrics, there also has been a damaging increase in imports of wool knit articles, products made by the

customers of the woolen and worsted spinning mills. In 1960, imports of knit articles mounted to an estimated 8,950,000 pounds, an increase of 86% over 1957. In this case also, the leading supplier is Japan. Other important suppliers are Italy and Britain.

American knitters long have been in the forefront of the effort to obtain adequate safeguards against imports.

Summary of Import Section

In brief we have given you the three-year story of rapidly rising imports of wool tops, yarn and cloth and the alarming upsurge in imports of woven clothing and knit articles. Exhibit B presents Government import statistics for wool textiles, woven clothing and knit articles.

THE U.S. WOOL TEXTILE INDUSTRY

Cloth Production

With imports up sharply in the three years since 1957, it would be something of a miracle to report that the U.S. wool textile industry had reversed its trend toward contraction, had achieved stability and had expanded its markets. The reverse, of course, is the unfortunate truth. Production of woven wool apparel cloth in 1960 is estimated at about 283 million linear yards, unchanged from 1957 though imports have jumped 86% in that time. In 1958 production skidded to a 20-year low. There was modest recovery in 1959 from this low point but the recovery proved anemic and failed to carry through in 1960.

The 1960 imports of woven cloth, wholly or in chief value of wool, 60 million square yards, were equal to about 15% of U.S. apparel cloth output, double the 1957 ratio. Moreover, if cloth imported in the form of woven clothing is added, the ratio approaches 20% of U.S. apparel fabric output. This loss of business to low-wage foreign mills is substantial and particularly damaging because much of the imported cloth sells in the U.S. market at less than the cost of production in American mills of high efficiency.

Industry Contraction

As might be expected under such conditions, there has been further contraction of the industry. The contraction in terms of machinery from 1946 ranged from 50 to 60% when we appeared before you in 1958. From 1957 to 1959, there was a further decline of 5 to 10%.

Bureau of the Census figures show a loss of 248 establishments between 1947 and 1958. Since 1958, at least 34 mills have gone out of business. See Exhibit C.

The number of production workers declined from 167,000 in 1947 to 76,000 in 1958. Later figures are not available, but there probably was a further decline.

In short, in the face of the continuing import onslaught, the U.S. wool textile industry has continued to contract in the last three years. As we have said many times, imports are not the sole cause of this dangerous contraction but they are a substantial contributing factor. Without adequate import safeguards--which only the Government can provide--other industry problems are difficult or impossible to solve. Exhibit D presents statistics on production, fiber consumption and machinery in place.

Current Conditions

In common with other textile manufacturers and many other industries, the wool textile industry has been suffering from declining sales and activity in recent months. There appears to be some optimism that conditions may improve later in the year.

GOVERNMENT ACTIONS

Cloth Duty Renegotiation

Perhaps the single most important Government action affecting the wool textile industry in the last three years was the 1960 renegotiation of U.S. wool cloth duties which resulted in new rates and elimination of the Geneva Reservation tariff quota. The quota was replaced last January 1 by the new tariff rates.

Before detailing the new arrangement, let us trace the history of the Reservation. It was a note attached to the wool cloth tariff concession made by the U.S. in 1947 under the General Agreement on Tariffs & Trade. The cloth duty then was cut from a range of 35-45% of value to a flat 25%. The Reservation, a note attached to the concession, gave the U.S. the right to increase the duty to 45% when wool cloth imports in any calendar year exceeded 5%, by weight, of U.S. production of "similar" goods averaged over the three prior years. At the end of any year the duty reverted to 25% and the same procedure was followed in succeeding years.

President Eisenhower invoked the Reservation for the last quarter of 1956 and it was continued to the end of 1960. What were the results? In the first two full years of its operation, 1957 and 1958, it held imports slightly below the 1956 level, then a post-war record. Its effect diminished in 1959, however, and imports rose to a new high. This upward surge continued in 1960, sending imports to an all-time record.

The 5% "break-point" came earlier in each succeeding year, July 25 in 1957, July 1 in 1958, May 18 in 1959 and March 4 in 1960. Exports and import interests complained bitterly that the tariff quota caused a rush to enter goods at the low duty and that they could do little business after the tariff rose to 45%. Here are the facts. In 1957 and 1958, 12% and 13%, respectively, of the imports entered at the high rate of duty. In 1959, however, about 40% and in 1960, about half of the imports entered after the break-point.

There were eroding modifications which favored the exporters. Starting in 1958 the remedial duty for narrow hand-woven goods and certain religious fabrics

was set at 30% instead of 45% and starting in 1959 a special over-quota was provided for certain high-priced goods, also with a 30% remedial duty. While these concessions favored the export-import interests, the Government ignored suggestions of the U.S. industry. Chief among these was our belief that the Reservation clearly permitted categories of fabrics so that when imports in any category exceeded 5% of domestic production of similar goods the duty would rise to 45% for goods in that category. The State Department claimed that "secret" memoranda at the 1947 negotiations prevented use of categories.

We also complained without effect that the U.S. production base, against which the 5% breakpoint was figured, included goods not covered by the Reservation, chiefly blankets and blanketing. This permitted increased imports at the low 25% duty.

The foreign attack on the Reservation began almost as soon as it was invoked and recurring reconsideration by the U.S. increased the uncertainty of the domestic industry as to whether the tariff quota would be continued on any basis.

The renegotiation of U.S. wool cloth duties, including the Reservation, was born on August 31, 1959, when President Eisenhower appeared on a London television program with Prime Minister Macmillan. Supposedly they were to discuss grave global issues but Mr. Macmillan saw fit to inject a plea for the British industry by saying, "I wish you could do something for us on wool textiles." The president made no reply but on September 14, 1959, the State Department announced that the U.S., at Britain's request, had agreed to renegotiate "in an effort to find a solution to the many problems which both importing interests in the United States and exporting interests in other countries have claimed arise from the application of this quota." Please note that the announcement made no mention whatsoever of the interests of the domestic wool textile industry.

In accordance with standard procedure for GATT tariff negotiations, the Committee for Reciprocity Information and the Tariff Commission held the required hearings in December of 1959. The deep concern of wool manufacturers was evidenced by the fact that more than half of the productive capacity of the U.S. industry was represented at the hearings at which leading manufacturers, large and small, entered testimony on the injurious effects of imports.

The industry argued to the Tariff Commission that existing wool cloth duties were below the peril point and, therefore, under the Trade Agreements Act the Commission was required to start its own escape clause investigation. Apparently the Commission did not agree since it did not begin an escape clause probe. Thus the Government was free to proceed with the secret renegotiation. See Exhibits E, F and G, NAWM's statements to Tariff Commission, Committee for Reciprocity Information and supplementary statement to both.

Exporters, importers and the U.S. industry anxiously awaited results of the renegotiation but official word was lacking. Finally, on July 14, 1960, Daily News Record reported the U.S. had made a proposal to other nations on a "take it or leave it" basis. It reported the U.S. had proposed a 38% ad valorem rate for all goods valued over $2 per pound and 76 cents per pound, in place of the ad valorem rate, on goods valued at $2 per pound and less. (The compensatory duty, 37-1/2 cents per pound in most cases, was not at issue in the renegotiation and was not changed.)

There was neither denial nor confirmation of this report until November 9, 1960, the day after the national election. Then the State Department announced the new tariff arrangement, effective January 1, 1961. As reported in July, the new duty was 38% of foreign value on goods valued over $2 per pound. The new rate on goods valued at $2 per pound and less was 76 cents but not to exceed 60% of value. Apparently, according to press reports, the U.S. had somewhat modified its original 76-cent proposal by providing that it could not exceed 60% of value. Italy was said to have complained that the 76-cent rate amounted to an embargo. Recent strong complaints from Italian sources, however, indicate that even this concession did little to mollify wool manufacturers there.

Clearly the new arrangement provides more protection against the low-priced goods, such as the Prato cloth, than on those valued at over $2 per pound. The new rates of 60% and 38% are higher than the average duties actually collected under the tariff rate quota and, of course, no goods can be entered at 25% as was the case under the quota.

The average incidence of the new rates applied to the imports of 1959 follow:

	Actual	New Duties
Fabrics valued over $2 Lb.	42%	48%
Over $1.25 not over $2	55%	76% Approx.
Not over $1.25 Lb.	75%	99% Approx.
All fabrics	45%	54% Approx.

Thus it appears the Government did give some recognition to the industry's repeated declarations that imports were contributing substantially to the severe contraction. In any case, the Government did not take the opposite course and cut the cloth duty to 20% ad valorem as the export-import interests had urged, the lowest level permitted under the Trade Agreements Act.

Nevertheless, there is considerable question in the industry as to the adequacy of the new rates, particularly for Japanese fabrics, which are largely worsteds valued over $2 per pound. It is pointed out that the 45% remedial rate of the tariff quota failed to curb imports in the last two years and, quite naturally, this puts in doubt the effectiveness of the 38% duty. While the new tariff rates were a step in the right direction, it falls short of what the industry considers necessary to achieve stability and growth and to halt the trend to contraction.

The tariff quota could have been made much more effective than it was, particularly if categories of similar fabrics had been established and if there had been additional control of imports from Japan, by means of quotas, as the industry had urged.

Other Tariff Actions

Even while developing the new cloth duty arrangement, the Government, illogically in our view, placed other products of the industry and products of the industry's customers on the GATT bargaining list for possible tariff concessions in negotiations due to begin shortly in Geneva. The industry's products so

jeopardized are: yarn wholly or in chief value of angora rabbit hair; wool bed blankets and robes; wool grease; synthetic fiber yarns such as are spun on the woolen or worsted systems; manufactures (blankets) of synthetic fibers; all manufactures, wholly or in chief value of wool, not specifically provided for; woven pile fabrics, in the piece or otherwise of synthetic textiles.

The products of the industry's customers on the bargaining list include certain knit fabrics; headwear, sweaters and other outerwear.

The Tariff Commission peril point and the C.R.I. hearings on these products were held in August of 1960 and the industry again argued that existing reduced duties were below the peril point. Since the Commission did not launch an escape clause investigation on any of these products, only time will tell whether they will be subjected to additional tariff cuts. Exhibit H is the statement to the Tariff Commission by Alfred W. Cavedon on yarns of angora rabbit hair.

In our statement to the C.R.I. last August, Exhibit I, citing the reported new wool cloth duties, we said:

> "But here's the rub. We come now to the contradictions in the Government's position. At the same time the proposal on wool cloth duties apparently was being developed, the Government placed other products of this industry...on the current bargaining list...In addition there are various knit items, products made by customers of our spinners; and certain items made by woolen and worsted mills which are not wholly or in chief value of wool.
>
> "But even before these perplexing and inconsistent actions...the wool textile industry has been beset with doubt... This doubt, in large measure, was born of the uncertainty and the erosion...of the Geneva Reservation..."

We also cited the January 30, 1959 statement to this Subcommittee by the Office of Civil and Defense Mobilization that it regarded the textile industry "as an essential part of the nation's mobilization base." Then our statement made a point which we repeat with all the emphasis at our command:

> "Further, there is a widespread belief that the Government should lay its cards on the table and, in addition, match words with deeds. If it is going to sacrifice all or any part of the industry to ends of overall foreign policy, it is incumbent on the Government to make a clear and forthright statement to that effect. Management and owners then might decide whether their talent and capital might be used by transferring operations abroad, as other industries are doing, and at the same time curtailing or shutting down domestic operations... Considerations about moving abroad are on the increase among small, medium and large companies...I find it hard to believe that the Government itself wants to drive defense-essential American companies and supporting capital to foreign soil--on the perimeter of a potential enemy who has declared his intent

> to bury us. The Government could take a big step toward ending the industry's doubts and fears by striking textile and textile apparel products from the bargaining list."

Countervailing Duties

In the three years since 1957 there has been action and lack of action by the Treasury Department on imports of subsidized wool products. Early in 1959 the Treasury decided to remove the countervailing duty which had been imposed since 1953 on imports of subsidized Uruguayan wool tops. It claimed the subsidy, resulting from Uruguay's multiple rates of currency exchange, had been eliminated as a result of new exchange rates there.

Complaints by domestic interests resulted in a hearing before the Senate Finance Committee and Treasury delayed removing the duty until after the hearing. At the hearing Treasury revealed the formula by which it had computed the subsidy. Under this formula, it seemed the changes had eliminated the subsidy on top but there clearly seemed to be subsidies on wool yarns and wool cloth and other products as well. Treasury, however, declared that other factors had to be considered and was unable to find, in spite of its formula, that subsidies did in fact exist on wool yarn and cloth.

Uruguay now has abandoned its multiple exchange system but she still maintains subsidies on exports of wool yarn and cloth. They result from a system of export taxes or retentions. Uruguay maintains a higher tax on proceeds from the export of raw wool than she does on wool yarn; on wool cloth there is no tax or retention. The difference between the retentions on wool and yarn and the retention on wool and lack of retention on cloth result in subsidies. Yet in 1960 the Treasury showed no inclination to countervail them as we believe it is required to do under Section 303, Tariff Act of 1930.

Significantly, Uruguay is the fifth largest supplier of imported wool cloth in the U.S. In 1951 cloth imports from Uruguay were nil. In 1959 they totaled 849,000 square yards and it appears the 1960 imports were at about the same level. In addition, imports of subsidized Uruguayan yarn have begun to increase here though the volume is not large yet.

Japan's Subsidy

Treasury also was unable to find that Japan was subsidizing her exports of wool products to the U.S. On October 13, 1959, the Association requested Treasury to investigate the need for countervailing duties to offset subsidies accruing on Japanese exports of wool products through her link system of granting exchange for wool purchases. Attached to our request was a Daily News Record dispatch from Japan which said Japan started the link system in 1950 "to promote exports of wool products." It also said:

> "Government and industry sources admit that wool goods offered on world markets are 'artificially' priced lower than the home market, both through the mechanism of the link system and its interaction with stern competition within the industry."

Treasury on December 22, 1959, replied that it had analyzed the effect of the Japanese link system (which is to be ended in 1961) and concluded that it did not constitute a bounty or grant within the meaning of the countervailing duty law.

British wool manufacturers, however, long have regarded Japan's link system as resulting in export subsidies and now forecast that with the link system due to be abandoned in 1961 Japan will find a new method of subsidizing her wool product exports.

For example, a dispatch from Bradford, England, in the December 20, 1960 Daily News Record said in part:

> "The British wool textile industry believes Japan plans further moves to subsidize her wool cloth exports and exporters here are petitioning the British Government to take appropriate measures.
>
> "Japan is pledged next year (1961) to abolish her link system...which hitherto enabled her to subsidize her wool textile exports...Japanese exporters have been able to sell abroad at cut prices as these exports earned generous foreign exchange allocations which were salable internally at a high premium.
>
> "British exporters believe Japan intends to find an alternative system of export subsidization through...exceptionally high import duties."

Then the British National Wool Textile Export Corp. was quoted as follows:

> "The only inference is that they intend, now that the link system is to disappear, to erect an even higher tariff barrier around their home market so that the monopoly concerns which dominate trade in wool cloth can get high home market prices from which to subsidize exports."

The dispatch concluded:

> "The export corporation is urging the British government to continue to deny most-favored-nation rights to Japan under the General Agreement on Tariffs and Trade and to maintain present restrictions on imports of Japanese goods into the United Kingdom."

We hope that the new Treasury administration will take note of its non-discretionary obligations under Section 303 and promptly countervail subsidized imports.

Cashmere Duty

In August, 1960, the U.S. and Iran formally terminated a trade agreement negotiated in 1943. In it the duty on cashmere, the hair of the cashmere goat, was

lowered 16 cents per pound. Cancellation of the treaty restored the duty to the 1943 level. The Government, however, made no upward adjustment in the specific (compensatory) part of the duty on cashmere manufactures. Thus U.S. processors of cashmere not only must pay a higher duty for their raw material, none being produced here, but also are placed at an additional disadvantage because there was no increase in the compensatory rate on manufactures. The specific rate on manufactures is supposed to compensate for the duty on raw cashmere.

Bills with bipartisan sponsorship, including President Kennedy, were introduced in the last Congress to lower the cashmere duty to the treaty rate. They have been reintroduced this year and the industry hopes the Congress will act quickly. In addition, the Government has placed cashmere on the GATT bargaining list but we believe the situation can be handled most expeditiously through legislative action and urge your support.

Foreign Assets Cashmere Hearing

As a result of recommendations in the report of this Subcommittee, the Treasury's Foreign Assets Control Administration held a hearing in April of 1959 on impact of its regulations on importation of cashmere. This Association urged removal or amelioration of the handicap on U.S. manufacturers stemming from the regulations prohibiting entry into the U.S. directly or indirectly of raw, scoured or dehaired cashmere grown in Communist China but permitting entry of yarns, cloths and knit goods manufactured outside China from Chinese cashmere. On June 12, 1959, the Treasury announced it would make no change in the regulations.

Similar regulations on importation of angora rabbit hair grown in Communist China handicap U.S. mills as noted in Exhibit H.

Escape Clause Changes Needed

We believe the Congress promptly should consider amending the Trade Agreements Act escape clause provision so that the Tariff Commission will consider injury to an industry caused by imports of products made by that industry's customers.

In its finding in the lamb and mutton escape clause case in 1960 the Commission enunciated a significant interpretation of the act. It held that the Commission "is precluded by law from considering whether serious injury or threat thereof to raisers and feeders of live sheep and live lambs is resulting from imports of lamb and mutton, fresh, chilled or frozen."

Though there was vigorous dissent by two commissioners, it appears the policy stated above will be followed by the Commission unless the Congress changes the escape clause provisions. At present, for example, woolen and worsted mills in an escape clause action could not claim injury from imports of cloth in the form of clothing nor could spinners claim injury from imports of yarn in the form of cloth, clothing or knit articles. Yet such imports are just as injurious as imports of cloth and yarn themselves. We doubt that the Congress intended such an interpretation and urge you to recommend necessary changes.

EXHIBIT A

CLEAR & PRESENT

THE URGENT NEED FOR QUOTAS TO CONTROL LOW-WAGE IMPORTS OF TEXTILES & APPAREL

In 1957, the Danger Ahead symbol was used by the wool textile industry in its case before the Office of Defense Mobilization, based on the belief wool textile imports were threatening national security. ODM agreed wool textiles are essential but said imports did not threaten security. Since 1957 the upward surge of textiles and apparel imports has continued, converting Danger Ahead to "Danger Clear and Present."

CLEAR AND PRESENT

To All Americans:

The U. S. Textile Industry and its chief customer, the Apparel Industry, are big--in combination or alone. Together they employ over 2 million production workers--more than any single U. S. manufacturing industry--and have an annual payroll of about $7 billion. Textiles and clothing are basic necessities and the two industries have made Americans, civilian and military, the best clothed people in the world.

The Textile Industry also supplies a vast array of household products and industrial goods. It is the primary consumer of U. S. cotton, wool and man-made fibers, and huge amounts of other materials and services.

The importance of the industries to the owners, employees and the economy is evident. But there is still another even more vital factor--National Security--which in today's perilous world, means National Survival. Concerning defense essentiality, the Office of Civil and Defense Mobilization said as recently as January 30, 1959:

> "On this point there need be no equivocation. The OCDM regards the Textile Industry as an essential industry and considers it an essential part of the Nation's Mobilization base."

You may ask, "So What?" Just this: The essential Textile Industry has been seriously damaged by rapidly rising imports. Now imports of apparel are mounting, compounding the injury to textile mills and posing a serious threat to U. S. clothing producers. The two industries and their 2.2 million employees are fighting for survival and they generally believe the Government, in the National Interest, must:

> Establish textile and apparel quotas for each country exporting these products to the U. S., with the quotas divided into product categories to prevent concentration in any particular type of goods.

The two industries solicit your support. Make their fight your fight to keep the U. S. self-sufficient in textiles and clothing under all conditions, in peace or in war.

This booklet highlights the import problem of the Wool Textile section of the U. S. Textile Industry. For further wool textile information write:

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS
386 Park Avenue South New York 16, N. Y.

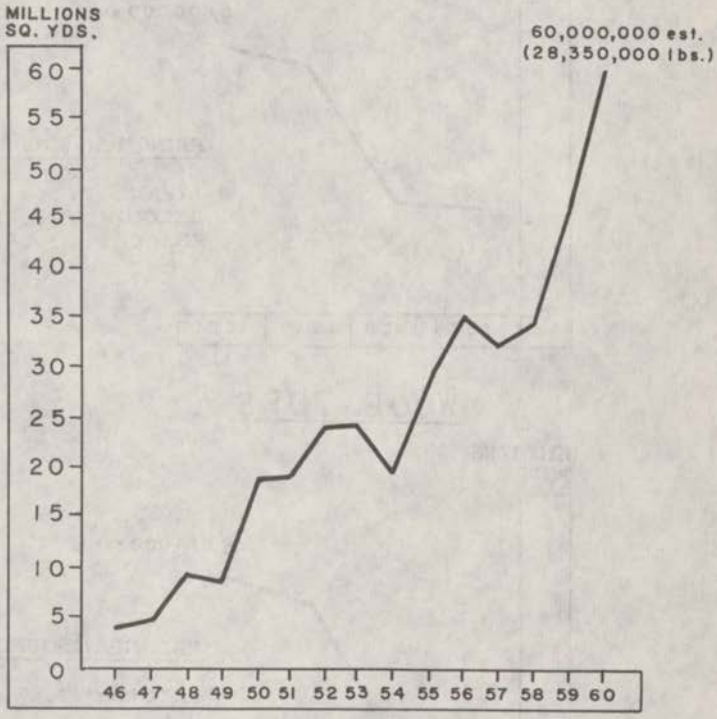
January, 1961

CLEAR AND PRESENT

WOOL PRODUCT IMPORTS SURGE UPWARD

Imports of wool cloth, principal product of the U. S. Wool Textile Industry, jumped to an all-time record high in 1960, soaring 25% over 1959 as U. S. wool apparel cloth output dipped about 5%. Imports of other products of the industry also continued to climb in 1960: wool yarns, highest since 1923; and wool tops (semi-manufactured product from which worsted yarn is spun), at a 7-year peak. In addition, the influx of products made by the industry's customers, clothing manufacturers and knitters, also gained with imports of both woven clothing and knit items at the highest levels in at least 40 years.

WOOL CLOTH IMPORTS AT RECORD HIGH



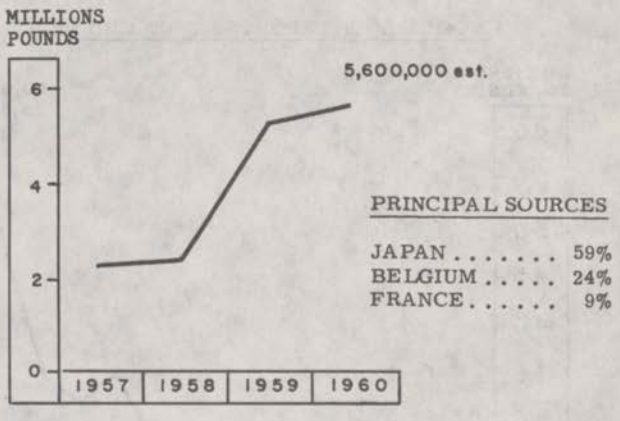
PRINCIPAL SOURCES 1960

ITALY	42%
JAPAN	27%
UNITED KINGDOM	24%

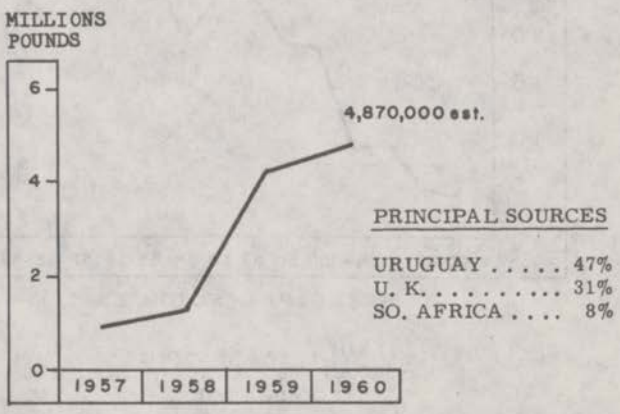
CLEAR AND PRESENT

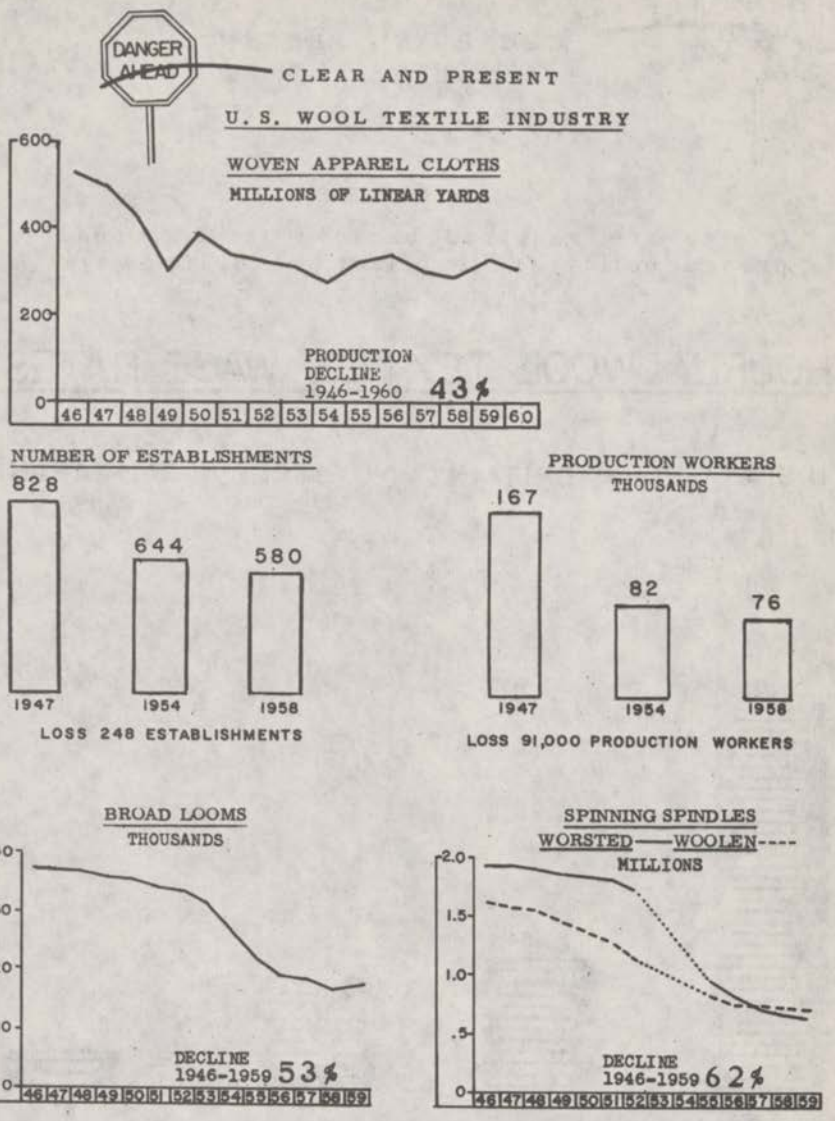
STILL MORE IMPORTS

WOOL YARN



WOOL TOPS




DANGER AHEAD
CLEAR AND PRESENT
U. S. WOOL TEXTILE INDUSTRY
WOVEN APPAREL CLOTHS
MILLIONS OF LINEAR YARDS
600
400
200
0
PRODUCTION DECLINE 1946-1960 43%
46 47 48 49 50 51 52 53 54 55 56 57 58 59 60
NUMBER OF ESTABLISHMENTS
828
644
580
1947
1954
1958
LOSS 248 ESTABLISHMENTS
PRODUCTION WORKERS
THOUSANDS
167
82
76
1947
1954
1958
LOSS 91,000 PRODUCTION WORKERS
BROAD LOOMS
THOUSANDS
40
30
20
10
0
DECLINE 1946-1959 53%
46 47 48 49 50 51 52 53 54 55 56 57 58 59
SPINNING SPINDLES
WORSTED——WOOLEN----
MILLIONS
2.0
1.5
1.0
.5
0
DECLINE 1946-1959 62%
46 47 48 49 50 51 52 53 54 55 56 57 58 59

66226 O—61——9

CLEAR AND PRESENT

Quotas are required because tariffs, under present policy, fail to offset low foreign wages.

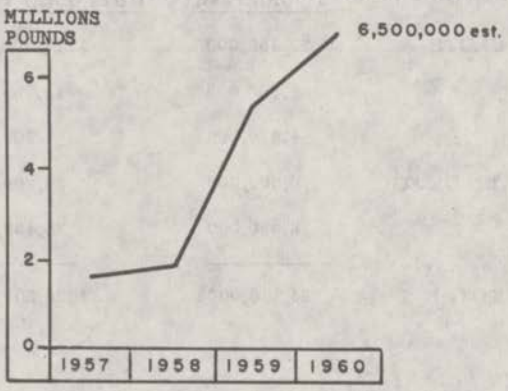
HOURLY WOOL TEXTILE WAGE RATES

Britain, Italy and Japan in 1960 supplied 93% of wool fabric imports here. Their wage rates do not even compare favorably with the present Federal minimum of $1 per hour, much less the proposed $1.25. Transplanted here intact, foreign mills would not be allowed to operate in interstate commerce under the Fair Labor Standards Act.

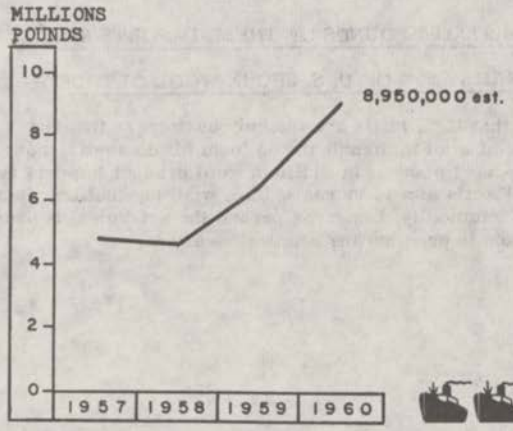
CLEAR AND PRESENT

WOOL APPAREL IMPORTS JUMP TO 15,450,000 POUNDS

CLOTHING OF WOVEN FABRICS



KNIT ITEMS



CLEAR AND PRESENT

DUTY PAID VALUE OF 1960 WOOL PRODUCT IMPORTS

EXCEEDED 1/4 BILLION DOLLARS

	POUNDS est.	DUTY PAID VALUE est.
WOVEN APPAREL CLOTH	28,350,000	$117,900,000
YARNS	5,600,000	19,500,000
TOPS	4,870,000	7,300,000
CLOTHING OF WOVEN CLOTH	6,500,000	30,200,000
KNIT ITEMS	8,950,000	75,400,000
TOTAL	54,270,000	$250,300,000

—

In Terms of Wool:

THE 54,270,000 POUNDS OF THESE IMPORTS EQUAL

NEARLY 50% OF U. S. SHORN WOOL OUTPUT

Growers recognize that U. S. mills are the only customers for domestic wool. Thus rising imports of wool in manufactured form hit domestic growers as well as mills and apparel plants. In addition, wool product imports run counter to the National Wool Act's aim to increase U. S. wool production. Recognizing wool as a strategic commodity, Congress passed the act "as a measure of national security" and to promote the economic welfare.

CLEAR AND PRESENT

American-made textiles and apparel give Americans:

* Quality equal or superior to that of textiles and apparel made anywhere.

* Unmatched variety at prices to fit every purse.

* New yarns, new fabrics, new finishes, new styles to meet the most exacting civilian, military and industrial needs.

Efficiency of the U. S. textile and apparel industries is unchallenged but it is not sufficient to offset vastly lower wages and other costs in foreign plants. Tariffs, as applied under present U. S. trade policy, are inadequate safeguards. That is why, as stated earlier, the American industries believe the Government, in the national interest, must:

Establish textile and apparel quotas for each country exporting these products to the U. S., with the quotas divided into product categories to prevent concentration in any particular type of goods.

Further, the duties on goods within the quotas should be sufficient to prevent imports from selling in the U. S. market at less than cost of production in U. S. plants of high efficiency.

Employed Americans are the world's best customers!

NATIONAL ASSOCIATION
of
WOOL MANUFACTURERS

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For information on other aspects of the textile-apparel import problem write:

American Cotton Manufacturers Institute, 1145 19th Street Northwest, Washington 6, D. C.

Northern Textile Association, 80 Federal Street, Boston 10, Massachusetts

"Operation Survival," Men's Clothing Industry Import Committee, 15 East 26 Street, New York 10, N. Y.

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EXHIBIT B

Statistics of Wool Manufacture

SUPPLEMENTING THE ANNUAL BULLETIN OF THE
National Association of Wool Manufacturers
183 Essex Street, Boston 11 — 386 Fourth Avenue, New York 16

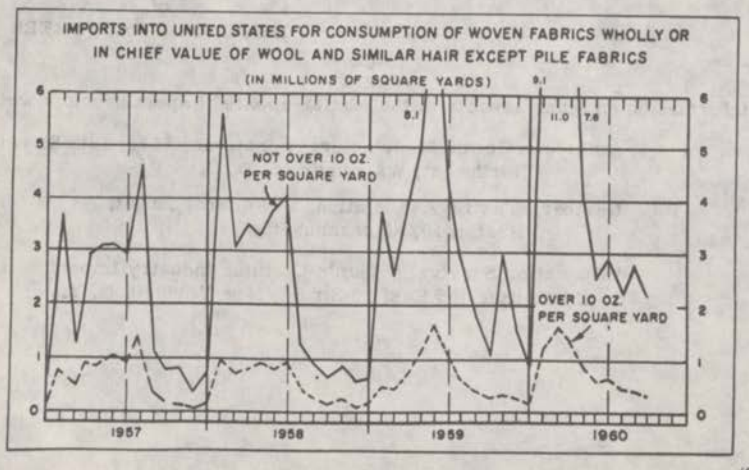
NO. 2 — BOSTON OFFICE — JANUARY, 1961

IMPORTS AND EXPORTS

Imports into the United States for Consumption of Certain Semi-Manufactures and Manufactures Wholly or in Chief Value of Wool and Similar Hair

ITEM	First 9 Months 1960	First 9 Months 1959	Change from 1959
	Thousands of pounds		
Tops and Other Advanced Wool and Hair	4,032	3,412	+18%
Yarns	4,244	3,857	+10
Knit Fabrics	310	88	+252
Woven Fabrics — Pile	21	32	−35
— All Other	24,926	19,737	+26
Blankets, Robes and Steamer Rugs	135	216	−38
Wearing Apparel — Not Knit or Crocheted	3,847	3,237	+19
— Knit or Crocheted	5,762	4,249	+36
Total	43,277	34,828	+24%
	Thousands of square yards		
Woven Fabrics (Except Pile) — Total	52,486	40,454	+30%
Green billiard cloths	36	24	+50%
Tapestries and Upholstery Goods	205	115	+18
Other Woven Fabrics — Total	52,245	40,315	+30
Not over 4 oz. per square yard	1,195	1,257	−05%
Over 4 — Not over 6 oz.	10,485	7,188	+46
Over 6 — Not over 8 oz.	28,609	21,117	+35
Over 8 — Not over 10 oz.	4,317	3,836	+13
Over 10 — Not over 12 oz.	3,356	2,926	+15
Over 12 — Not over 18 oz.	4,097	3,740	+10
Over 18 oz. per square yard	186	251	−26
	First 11 Months		
	Thousands of pounds		
Tops and Other Advanced Wool and Hair	4,490	3,833	+17%
Yarns	4,895	4,761	+3%
Woven Fabrics (Except Pile)	27,130	21,991	+23%
	Thousands of square yards		
Woven Fabrics (Except Pile)	57,574	45,385	+27%

Source: Bureau of the Census.



(Over)

Imports into the United States for Consumption of Wool and Similar Hair and Certain Semi-Manufactures and Manufactures Wholly or in Chief Value Thereof

ITEM	1960		
	July	August	September
	Thousands of pounds		
WOOL AND SIMILAR HAIR — Clean content	17,951	19,378	17,933
Similar Hair	358	1,204	244
Duty-Free Wools[1]	13,085	13,055	13,279
Dutiable Wools	4,508	5,119	4,410
Carbonized Wools	N	13	9
Carpet Class Wools	52	124	61
Apparel Class Wools	4,456	4,982	4,340
Not Finer Than 40's	250	825	350
Over 40's — Not over 44's	61	159	106
Over 44's — Not over 48's	196	234	275
Over 48's — Not over 56's	209	341	343
Over 56's — Not over 58's	742	547	711
60's and Finer	2,998	2,876	2,555
SEMI-MANUFACTURES — Total	5,046	5,825	4,549
Rags	900	1,026	622
Noils	2,570	3,251	2,694
Wastes (Incl. Shoddy & Wool Extract)	714	820	692
Tops and Other Advanced Wool and Hair	348	268	203
Yarns	514	460	338
MANUFACTURES:			
Knit Fabrics	55	58	52
Pile Fabrics	2	3	3
Blankets, Robes and Steamer Rugs	35	33	24
	Thousands of square yards		
Woven Fabrics (Except Pile) — Total	2,767	3,332	2,534
Green billiard cloths	N	N	N
Tapestries and Upholstery Goods	16	20	22
Other Woven Fabrics — Total	2,751	3,312	2,512
Not over 4 oz. per square yard	48	55	47
Over 4 — Not over 6 oz.	350	524	746
Over 6 — Not over 8 oz.	1,715	1,840	1,062
Over 8 — Not over 10 oz.	145	452	296
Over 10 — Not over 12 oz.	131	90	125
Over 12 — Not over 18 oz.	323	338	216
Over 18 oz. per square yard	39	13	20
	Thousands of pounds		
Wearing Apparel — Total	1,774	2,311	2,007
Not Knit or Crocheted	629	1,037	908
Knit or Crocheted	1,145	1,274	1,099
Gloves and Mittens*	125	197	163
Sweaters over $5.00 a pound	509	457	367
Hosiery	57	98	87
All Other	454	522	482
FABRICS 17% BUT NOT IN CHIEF VALUE WOOL	331	378	168
WOOL GREASE	452	282	530

Exports from United States of Domestic Wool and Similar Hair and Domestic Manufactures Wholly or in Chief Weight of Wool and Hair

	Thousands of pounds		
WOOL AND SIMILAR HAIR — Clean Content	248	243	732
Rags and Clips — New	418	319	146
— Old, Used, and Used Civilian Clothing	11,789	11,724	11,266
	Thousands of square yards		
Woven Cloth — Not over 10 oz. per square yard	51	30	42
— Over 10 oz. per square yard	12	40	22

[1]Camel hair, apparel class wools not finer than 40's, and all carpet class wool may be imported free of duty, if used for camel's hair belting, floor coverings, press cloths, knit or felt boots, heavy fulled lumbermen's socks.
N None or negligible. *Including embroidered, ornamented and those of part lace.
Source: Bureau of the Census.

EXHIBIT B

Statistics of Wool Manufacture
SUPPLEMENTING THE ANNUAL BULLETIN OF THE
National Association of Wool Manufacturers
183 Essex Street, Boston 11 386 Fourth Avenue, New York 16

No. 16 Addendum #3 Boston Office November 1960

IMPORTS

Imports into United States for Consumption of Tops, Yarns and Woven Fabrics Wholly or in Chief Value of Wool or Hair

Country of Origin, etc.	1960		1st 8 Months	
	July	August	1960	1959
Top Imports in Thousands of Pounds				
Japan	N	N	59	82
United Kingdom	45	48	1,176	1,824
France	26	N	73	59
Belgium	29	N	182	13
West Germany	18	N	18	146
Australia	N	N	110	243
South Africa	65	14	306	371
Uruguay	163	203	1,792	220
Argentina	N	N	112	19
All Other*	2	3	21	81
Total	348	268	3,849	2,958
Yarn Imports in Thousands of Pounds				
Japan	187	174	1,531	1,826
United Kingdom	28	28	241	300
France	26	49	378	253
Belgium	165	82	977	742
West Germany	N	16	135	182
Uruguay	35	54	225	N
All Other*	73	57	422	335
Total	514	460	3,907	3,438
Woven Fabrics in Thousands of Square Yards				
Japan	407	409	13,507	9,464
United Kingdom	556	480	12,402	12,188
Italy	1,452	2,145	20,092	13,273
France	85	72	732	990
Netherlands	18	3	345	348
Switzerland	41	26	353	280
Uruguay	44	23	613	716
All Other*	164	174	1,908	1,811
Total	2,767	3,332	49,952	39,070
Not over $1.25 per lb.	1,087	1,675	12,154	6,485
$1.25-$2.00	289	317	4,088	6,011
$2.00-$4.00	783	593	20,179	16,201
$4.00-$6.00	398	461	10,318	10,373
Over $6.00 per lb.	210	286	3,213	

* May include some shipments from preceding countries valued at less than $10,000. N-None or Negligible. Source: Bureau of Census

EXHIBIT B

Imports into United States for Consumption of Wool Grease and Wool and Hair Tops
(In thousands of pounds)

Country	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Wool Grease										
United Kingdom	2,221	2,618	2,816	2,963	1,143	1,649	3,189	1,813	1,404	816
Germany	2,662	757	529	2,077	1,303	1,766	993	380	585	1,005
Belgium	542	450	729	388	739	918	897	779	726	535
Japan	N	N	418	1,084	878	1,171	813	1,376	1,097	1,270
Australia	200	207	170	601	1,031	886	1,356	2,117	1,685	1,623
Italy	45	N	870	649	1,151	947	621	750	479	421
All Other	25	534	709	1,328	158	410	325	74	26	139
Total	5,695	4,566	6,241	9,090	6,403	7,747	8,194	7,289	6,002	5,809
Wool and Hair Tops										
Argentina	1,590	3,791	1,311	131	N	N	N	N	30	47
Uruguay	1,076	3,772	17,140	4,775	2	2	282	306	79	401
France	58	1,398	1,557	14	25	13	10	N	28	97
Belgium	12	586	543	215	239	18	N	N	33	110
Australia	321	252	276	N	26	54	107	53	108	393
United Kingdom	635	195	557	14	66	183	550	449	637	2,157
Union of South Africa	7	201	263	N	46	48	173	125	335	481
Japan	33	5	N	N	N	N	N	N	N	137
Germany	1	2	1,133	360	5	34	22	N	20	318
All Other	472	197	342	124	41	37	31	3	6	21
Total	4,205	10,399	23,122	5,633	450	389	1,175	936	1,276	4,162

N None or negligible.
Comparable data from 1941 were published in the 1951 *Bulletin*, Vol. LXXXI, page 2-233 for Tops and page 2-244 for Wool Grease.

EXHIBIT B

Imports into United States for Consumption of Yarns, Plain and Embroidered Blankets, Carriage and Motor Robes, and Steamer Rugs Wholly or in Chief Value of Wool or Hair
(In thousands of pounds)

Country	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Yarns											
United Kingdom	309	425	168	389	263	135	166	229	418	264	467
France	189	297	169	392	544	307	240	255	200	197	494
Japan	53	7	N	1	19	277	757	981	728	1,116	2,428
Belgium	216	75	63	195	381	305	336	579	482	370	1,005
Switzerland	27	48	71	194	23	4	3	13	30	53	110
Germany	466	878	670	794	741	535	458	277	361	274	272
Italy	139	553	283	109	20	4	10	1	N	22	48
Austria	3	25	63	122	50	46	44	48	50	34	73
Uruguay	N	24	69	6	N	N	N	N	N	2	65
All Other	105	81	49	183	72	29	18	18	39	88	268
Total	1,507	2,413	1,605	2,385	2,113	1,642	2,032	2,401	2,308	2,420	5,230
Blankets, Robes, and Steamer Rugs											
United Kingdom	207	261	96	190	202	108	110	83	131	157	201
Netherlands	11	108	131	233	210	80	31	21	16	11	30
Belgium	3	6	4	6	3	N	2	10	2	11	21
Italy	1	N	N	8	1	3	3	3	8	6	24
Mexico	2	1	N	2	N	N	N	1	1	N	1
All Other	4	7	8	8	4	4	5	1	1	6	14
Total	228	383	239	447	420	195	151	119	159	191	291

† Includes 70,000 pounds from Australia.
N None or negligible.
Comparable data from 1940 were published in the 1950 *Bulletin*, Vol. LXXX, page 2-238 for yarns and page 2-241 for blankets, robes and steamer rugs.

EXHIBIT B

Imports into United States for Consumption of Woven Fabrics Wholly or in Chief Value of Wool or Hair[1]

(In thousands of square yards)

Country	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
United Kingdom	6,899	13,937	13,177	18,988	17,596	13,122	17,439	18,943	15,762	12,927	14,062
France	429	695	703	829	1,433	1,300	1,692	2,073	1,448	1,454	1,367
Italy	736	1,489	2,301	2,155	2,509	2,012	3,319	4,207	4,017	5,862	17,135
Japan	46	225	178	121	219	827	2,880	6,066	7,883	11,438	11,140
Belgium	118	271	168	397	505	391	405	390	261	247	245
Ireland	11	28	51	52	99	47	212	334	241	142	125
Netherlands	3	79	71	242	287	308	677	519	372	437	488
Switzerland	344	600	821	811	848	801	744	704	547	621	515
Germany	126	237	234	149	173	215	198	203	120	54	57
Czechoslovakia	118	874	841	2	N	N	N	N	1	N	N
Canada	9	8	21	8	19	21	6	79	20	6	21
Mexico	N	N	N	N	N	N	N	N	N	N	2
Argentina	N	3	37	56	96	67	11	442	471	282	191
Uruguay	N	N	N	127	244	258	437	507	540	650	849
All Other	85	148	122	117	271	180	1,228	447	630	293	408
Total	8,924	18,594	18,725	24,054	24,299	19,549	29,248	34,914	32,313	34,413	46,605

N None or negligible.
[1] Excludes laces, pile fabrics, fabrics with fast edges not over 12 inches wide, fabrics wholly or in chief value of human hair, horsehair, or cattle body hair, woven felts, and fabrics embroidered, tamboured, appliqued, scalloped, or ornamented with beads or spangles; also excludes press cloth wholly or in chief value of camel hair.
Data from 1944 were published in the 1954 *Bulletin*, Vol. LXXXIV, page 2-178.

EXHIBIT B

Imports into United States for Consumption of Other Wearing Apparel Not Knit or Crocheted Wholly or in Chief Value of Wool or Hair

(In thousands of pounds)

Country	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
United Kingdom	236	382	401	410	447	331	340	451	393	431	593
Poland and Danzig	N	N	N	N	N	N	N	N	N	N	N
Belgium	35	43	21	71	66	29	40	70	18	11	21
Netherlands	N	14	45	102	5	117	97	109	81	55	90
France	22	7	5	11	14	6	13	21	9	20	40
Japan	50	24	26	93	55	54	134	284	474	633	2,435r
Germany	8	9	13	19	19	41	126	420	455	431	766
Czechoslovakia	19	22	7	N	N	N	N	N	1	N	N
Switzerland	15	25	21	25	15	8	16	34	43	31	20
Canada	7	13	13	6	5	7	10	18	15	30	51
All Other	12	22	52	30	126	42	57	154*	252	240	1,432
Total	404	561	604	767	752	635	833	1,561	1,741	1,882	5,448r

N None or negligible.
* Includes 83,000 pounds from Italy.
Comparable data from 1940 were published in the 1950 *Bulletin*, Vol. LXXX, page 2-244.

EXHIBIT B

Imports into United States for Consumption of Knit Items[1]
Wholly or in Chief Value of Wool or Hair

(In thousands of pounds)

Country	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
United Kingdom	690	1,755	1,136	988	1,129	898	873	957	913	873	1,040
Japan	357	193	692	785	941	870	1,294	2,746	2,392	2,260	2,806
Italy	11	33	52	147	159	169	242	402	453	683	1,350
Czechoslovakia	64	85	53	N	N	N	N	N	N	N	N
France	70	125	86	119	93	78	80	90	105	116	167
Belgium	8	16	13	28	39	32	26	19	27	24	38
Switzerland	8	18	18	17	30	25	29	36	42	44	73
Germany	1	5	40	59	75	73	92	94	100	86	123
Austria	97	188	287	325	323	278	311	322	312	237	210
Canada	91	219	143	83	57	21	21	41	20	20	29
Argentina	N	1	N	N	N	N	N	8	1	N	N
All Other	27	20	37	124	142	111	222	363*	455	350	558
Total	1,424	2,658	2,557	2,675	2,988	2,555	3,190	5,078	4,820	4,693	6,394

[1] Includes hose, half hose, gloves and mittens, plain or embroidered; underwear; hats, hoods, berets, etc., and other knit or crocheted outerwear, plain or embroidered. Includes ornamented gloves and mittens and those of part lace from 1951. Excludes knit fabrics in the piece.

N None or negligible.

* Includes 246,000 pounds from Hong Kong.

Comparable data from 1940 were published in the 1950 *Bulletin*, Vol. LXXX, page 2-243.

EXHIBIT B

Statistics of Wool Manufacture
SUPPLEMENTING THE ANNUAL BULLETIN OF THE
National Association of Wool Manufacturers
183 Essex Street, Boston 11 386 Fourth Avenue, New York 16

No. 16 Addendum #4 Boston Office November 1960

IMPORTS

Imports into the United States for Consumption of Certain Woven Fabrics

Weight per square yard and Value per pound (Foreign)	First 8 Months of 1960			
	From All Countries	United Kingdom*	Japan*	Italy*
Woven Fabrics Wholly or in Chief Value of Wool and Similar Hair, Except Green Billiard Cloths and Tapestry and Upholstery Goods				
	In Thousands of Square Yards			
Not over 4 oz. per sq. yd.**	1,148	259	167	328
Over 4-Not over 6 oz.				
Not over $1.25 per pound	175	N	N	120
Over $1.25-Not over $2.00	33	N	N	9
Over $2.00-Not over $4.00	2,494	194	568	1,313
Over $4.00-Not over $6.00	5,585	2,936	2,046	437
Over $6.00 per pound	1,472	1,245	N	159
Over 6-Not over 8 oz.				
Not over $1.25 per pound	9,537	N	N	9,525
Over $1.25-Not over $2.00	2,467	11	N	2,385
Over $2.00-Not over $4.00	11,294	1,890	6,979	1,914
Over $4.00-Not over $6.00	3,216	1,117	1,606	378
Over $6.00 per pound	1,033	845	23	124
Over 8-Not over 10 oz.				
Not over $1.25 per pound	1,141	N	N	1,140
Over $1.25-Not over $2.00	219	48	N	54
Over $2.00-Not over $4.00	1,946	1,061	518	170
Over $4.00-Not over $6.00	652	305	253	17
Over $6.00 per pound	63	40	N	5
Over 10-Not over 12 oz.				
Not over $1.25 per pound	338	N	N	295
Over $1.25-Not over $2.00	525	196	27	218
Over $2.00-Not over $4.00	1,090	641	746	281
Over $4.00-Not over $6.00	214	62	97	8
Over $6.00 per pound	163	15	29	3
Over 12 oz. per sq. yd				
Not over $1.25 per pound	953	N	N	929
Over $1.25-Not over $2.00	841	246	360	135
Over $2.00-Not over $4.00	2,134	1,463	74	144
Over $4.00-Not over $6.00	79	15	14	1
Over $6.00 per pound	41	13	N	N
Total	49,733	12,402	13,507	20,092
Woven Fabrics 17% or More by Weight of Wool or Hair but NOT in Chief Value Thereof				
Total	3,844	10	71	3,279

* May exclude some shipments valued at less than $10,000.
** Indicated values mostly over $4.00 per pound but not over $6.00 per pound.
Source: Bureau of the Census. N-None or negligible.

EXHIBIT B

Imports into United States for Consumption of Woven Fabrics Wholly or in Chief Value of Wool or Similar Hair[1]

(In thousands of square yards)

Year	Value per Pound (Foreign)				Total
	Not Over $1.25	Over $1.25 But Not Over $2.00	Over $2.00 But Not Over $4.00	Over* $4.00	
1936	3,104	2,078	2,537		7,719
1937	3,571	3,174	3,102		9,847
1938	2,394	2,399	1,474		6,267
1939	5,661	4,429	2,010		12,100
1940	2,993	4,445	2,882		10,320
1941	1,195	3,934	4,344		9,473
1942	984	4,445	5,723		11,152
1943	149	1,517	2,497		4,163
1944	18	465	1,388		1,871
1945	22	677	1,968		2,667
1946	1	733	3,435		4,169
1947	2	790	3,843		4,635
1948	2	692	8,548		9,242
1949	36	598	2,535	5,755	8,924
1950	124	2,160	7,575	8,735	18,594
1951	27	368	5,114	13,216	18,725
1952	99	2,242	12,548	9,165	24,054
1953	52	1,323	11,363	11,561	24,299
1954	21	652	8,417	10,459	19,549
1955	60	1,459	14,462	13,267	29,248
1956	446	1,869	19,065	13,534	34,914
1957	618	1,758	16,413	13,524	32,313
1958	1,883	2,309	16,016	14,205	34,413
1959	9,170	6,398	18,197	12,840	46,605
1960					

[1] Excludes laces, pile fabrics, fabrics with fast edges not over 12 inches wide, fabrics wholly or in chief value of human hair, horsehair, or cattle body hair, woven felts, and fabrics embroidered, tamboured, appliqued, scalloped, or ornamented with beads or spangles; also excludes press cloth wholly or in chief value of camel hair.

* Includes wool fabrics weighing less than four ounces per square yard with warp of cotton or other vegetable fiber and the following fabrics valued at over $2.00 per pound:

Wool fabrics weighing less than four ounces per square yard,
Green billiard cloths,
Tapestry and upholstery goods.

Comparable data from 1931 were published in the 1955 *Bulletin*, Vol. LXXXV, page 2–181.

EXHIBIT B

Imports into United States for Consumption of Woven Fabrics Wholly or in Chief Value of Wool or Similar Hair[1]

(In thousands of square yards)

Year	Value per Pound (Foreign)				Total
	Not Over $1.25	Over $1.25 But Not Over $2.00	Over $2.00 But Not Over $4.00	Over* $4.00	
			From United Kingdom		
1950	119	2,100	5,870	5,848	13,937
1951	5	282	4,209	8,681	13,177
1952	72	2,194	10,658	6,064	18,988
1953	38	1,181	9,026	7,351	17,596
1954	17	526	5,941	6,638	13,122
1955	29	1,016	8,937	7,457	17,439
1956	34	1,090	9,687	8,132	18,943
1957	78	1,020	7,535	7,129	15,762
1958	56	705	4,885	7,281	12,927
1959	124	955	5,823	7,160	14,062
			From Italy		
1950	2	13	134	1,340	1,489
1951	2	N	26	2,273	2,301
1952	1	3	534	1,617	2,155
1953	3	3	556	1,947	2,509
1954	2	17	349	1,644	2,012
1955	7	286	650	2,376	3,319
1956	111	212	1,373	2,511	4,207
1957	124	257	1,180	2,456	4,017
1958	1,799	1,022	1,544	1,497	5,862
1959	8,861	4,644	2,628	1,002	17,135
			From Japan		
1950	N	8	124	93	225
1951	N	16	27	135	178
1952	N	16	49	56	121
1953	N	2	193	24	219
1954	1	19	745	62	827
1955	11	22	2,532	315	2,880
1956	17	76	5,198	775	6,066
1957	N	201	5,565	2,117	7,883
1958	10	151	7,298	3,979	11,438
1959	4	372	7,432	3,332	11,140

N None or negligible.

See footnotes on previous page.

EXHIBIT B

Imports into the United States for Consumption of Mixed Fabrics Containing 17% or More in Weight of Wool, But Not in Chief Value Thereof

Country	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
In thousands of pounds										
Italy	N	N	N	N	N	31	198	301	1,510	3,845
United Kingdom	120	107	56	51	64	95	109	101	71	109
Switzerland	N	N	2	N	5	3	19	12	17	45
Austria	N	N	N	N	N	N	N	1	6	69
Japan	N	N	N	N	N	N	N	10	3	17
All Other	N	1	N	1	3	5	10	23	18	25
Total	120	108	58	52	72	134	336	448	1,625	4,110
In thousands of square yards										
Italy	Not available prior to 1958								2,713	6,377
United Kingdom									81	237
Switzerland									61	122
Austria									8	96
Japan									11	47
All Other									33	60
Total									2,907	6,939

N None or negligible.

EXHIBIT C

Woolen and Worsted Mill Closings or Liquidations
Reported in Press Since 1957

Month	Firm Name	Location
	1958	
January	Edenfield Mills	Leesville, South Carolina
February	Seymour Woolen Co.	Seymour, Indiana
	Alexander Wool Combing	Lowell, Massachusetts
	Massachusetts Mohair Plush Co.	Lowell, Massachusetts
May	Oxford Looms, Inc.	Oxford, Massachusetts
	Wilton Woolen Co.	Wilton, Maine
	Champlain Spinners, Inc.	Whitehall, New York
June	Collins & Aikman, Plant J	Bristol, Rhode Island
July	Foster Yarn Co.	Trenton, New Jersey
September	Carrboro Woolen Mills (Burlington Industries)	Carrboro, North Carolina
October	Forstmann Woolen Co. Finishing Plant	Passaic, New Jersey
December	Bell Co.	Clinton, Massachusetts
	Elmvale Worsted Co.	Pittsfield, Mass.
	Dresden Mills	Dresden, Ohio
	1959	
May	Rocky Mountain Textile Mills	Denver, Colorado
September	Delaware Mills, Inc.	Newcastle, Delaware
	East Weymouth Wool Scouring	Weymouth, Massachusetts
	Beaverbrook Mills, Inc.	Dracut, Massachusetts
October	Continental Mills, Inc.	Philadelphia, Pa.
	Thomas H. Barker's Sons	Gladwyne, Pa.
	1960	
January	Thomas Kay Woolen Mills	Salem, Ore.
	Pearce Woolen Mills	Latrobe, Pa.
	St. Mary's Woolen Mfg. Co.	St. Mary's, Ohio
June	High Point Weaving Co. (Burlington Industries)	High Point, N.C.
August	Bachmann Uxbridge Wstd. Co.	Uxbridge, Mass. (Uxbridge Plant)
	" " " "	" " (Rivulet Plant)
	" " " "	Putnam, Conn.
	" " " "	Macon, Ga.
	Berkshire Woolen Co.	Pittsfield, Mass.
	" " "	Moncks Corners, S.C.
October	Yorkshire Worsted Mills	Lenni, Pa.
November	Portland Woolen Mills	Portland, Oregon
December	Bellingham Textiles, Inc.	Bellingham, Mass.
	1961	
January	Samuel Hird & Sons	Cornelius, N.C.

1/31/61

EXHIBIT D

Statistics of Wool Manufacture

SUPPLEMENTING THE ANNUAL BULLETIN OF THE

National Association of Wool Manufacturers

183 Essex Street, Boston 11 — 386 Fourth Avenue, New York 16

NO. 19 — BOSTON OFFICE — NOVEMBER, 1960

FIBER CONSUMPTION

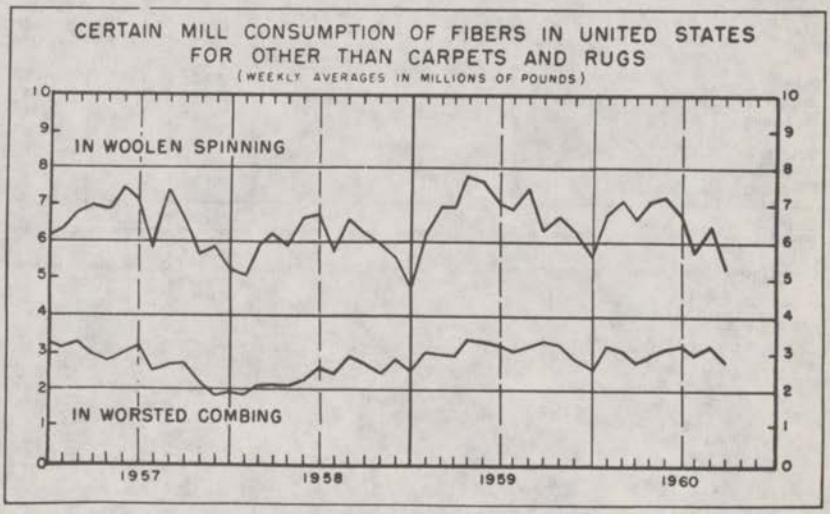
Average Weekly Consumption of Fibers in the United States in Worsted Combing, Tow-to-Top Conversion, and in Woolen Spinning for Other than Carpets and Rugs

(In millions of pounds)

4 or 5 Week Monthly Period	In Worsted Combing			Tow-to-Top Conversion			In Woolen Spinning		
	1958	1959	1960	1958	1959	1960	1958	1959	1960
January	1.85	3.16r	3.15	.35	.61	.56	4.84r	5.98r	6.79
February	2.11	2.97r	3.02	.43	.70	.68	5.68r	6.81r	7.06
March	2.18	2.99r	2.73	.46	.69	.68	5.97r	6.73r	6.61r
April	2.16	3.37r	2.90	.51	.71	.69	5.66r	7.55r	7.14
May	2.43	3.35	3.12	.51	.72	NA	6.50r	7.50r	7.25
June	2.84	3.27r	3.21	.63	.71	NA	6.57r	6.87r	6.75
July	2.57	3.01r	3.00	.52	.67	NA	5.59r	6.73r	5.70
August	2.94	3.09r	3.21	.65	.77	NA	6.47r	7.32r	6.46
September	2.85	3.26r	2.79	.63	.76	NA	6.18r	6.16r	5.26
October	2.74	3.20r		.58	.74		5.68r	6.57r	
November	2.84	2.82r		.61	.62		5.36r	6.19r	
December	2.59	2.57r		.45	.45		4.59r	5.38r	
Year	2.50	3.08r		.53	.68		5.71r	6.62r	

NA Not available. r Revised.

Source: Bureau of the Census, "Current Industrial Reports," Series M 22 D, "Consumption of the Woolen and Worsted Systems."



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Fibers Consumed in the United States in Worsted Combing, and in Woolen Spinning for Other than Carpets and Rugs
(In millions of pounds)

Period	Number of Weeks		Weekly Averages			Accumulative Totals		
	1959	1960	1959	1960	Per Cent Change from Previous Year	1959	1960	Per Cent Change from Previous Year
All Fibers								
January	4	4	9.14r	9.94	+09	36.6r	39.8	+09
February	4	4	9.78r	10.08	+03	75.7r	80.1	+06
March	5	5	9.72r	9.34	−04	124.3r	126.8	+02
April	4	4	10.92r	10.04	−08	168.0r	167.0	−01
May	4	4	10.85r	10.37	−04	211.4r	208.5	−01
June	5	5	10.14r	9.96	−02	262.1r	258.3	−01
July	4	4	9.74r	8.70	−11	301.1r	293.1	−03
August	4	4	10.41r	9.67	−07	342.7r	331.8	−03
September	5	5	9.42r	8.05	−15	389.8r	372.1	−05
October	4		9.77r			428.9r		
November	4		9.01r			464.9r		
December	5		7.95r			504.6r		
Year	52		9.70r			504.6r		
Apparel Class Shorn and Pulled Wool of the Sheep (*Scoured basis*)								
January	4	4	4.86r	5.14	+06r	19.4r	20.6	+06r
February	4	4	4.93r	5.10	+04r	39.1r	41.0	+05r
March	5	5	4.99r	4.63	−03r	64.1r	64.2	−
April	4	4	5.60r	5.00	−11r	86.5r	84.2	−03r
May	4	4	5.55r	5.29	−05r	108.7r	105.4	−03r
June	5	5	5.32r	5.25	−01r	135.3r	131.7	−03r
July	4	4	5.08r	4.66	−08	155.6r	150.3	−03
August	4	4	5.32r	5.10	−03	176.9r	170.7	−04
September	5	5	5.05r	4.46	−12	202.2r	193.0	−05
October	4		5.12r			222.7r		
November	4		4.52r			240.8r		
December	5		4.10r			261.3r		
Year	52		5.02r			261.3r		

r Revised
Source: Bureau of the Census, "Current Industrial Reports," Series M 22 D, "Consumption of the Woolen and Worsted Systems."

EXHIBIT D

Statistics of Wool Manufacture

SUPPLEMENTING THE ANNUAL BULLETIN OF THE
National Association of Wool Manufacturers
183 Essex Street, Boston 11 — 386 Fourth Avenue, New York 16

NO. 1 — BOSTON OFFICE — JANUARY, 1961

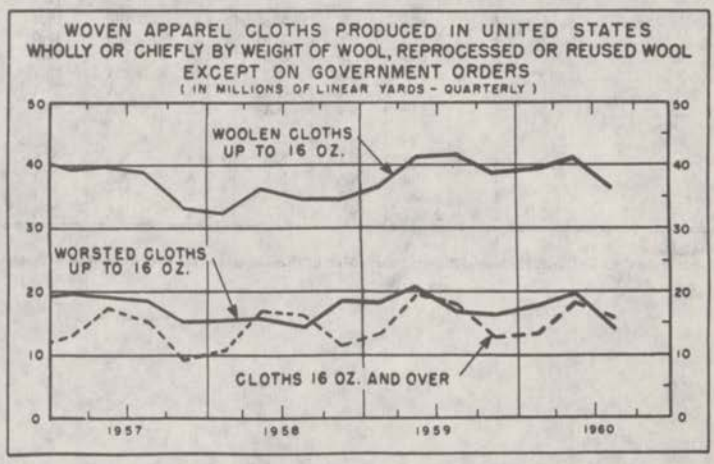
WOVEN CLOTHS AND TOPS

Production in the United States of Woven Cloths Wholly or Chiefly by Weight of Wool, Reprocessed Wool, or Reused Wool, Except Felts

(In millions of linear yards)

TYPE AND WEIGHT PER LINEAR YARD	1959			1960			1st 9 Months	
	2d Quarter	3d Quarter	4th Quarter	1st Quarter	2d Quarter	3d Quarter	1960	1959
Apparel Cloths — Total	83.8	79.1	69.3	72.6	79.3	66.7	218.6	234.1r
On Government Orders	.3	.2	.1	.8	.8	.5	2.1	1.5
All Other:								
16 oz. and Over	20.6	19.0	13.0	14.2	18.3	15.7	48.2	53.7r
Up to 16 oz.	62.9	59.9	56.2	57.6	60.2	50.5	168.3	178.9r
Woolen	41.6	42.4	39.3	39.7	40.9	36.3	116.9	120.7r
Worsted	21.3	17.5	16.9	17.9	19.3	14.2	51.4	58.2r
Total	83.5	78.9	69.2	71.8	78.5	66.2	216.5	232.6r
Menswear	37.2	32.7	29.2	32.3	32.3	24.5	89.1	103.5r
Womenswear	46.3	46.2	40.0	39.5	46.2	41.7	127.4	129.1r
Nonapparel Cloth — Total	2.0	1.8	1.6	1.4	1.4	1.5	4.3	5.8r
Blanketing	1.4	1.3	1.3	1.1	1.0	1.1	3.2	4.1r
Transportation Upholstery	.3	.3	.1	...	.1	.1	.2	.9r
All Other (Except Felts)	.3	.2	.2	.3	.3	.3	.9	.8r
Total, Except Felts	85.8	80.9	70.9	74.0	80.7	68.2	222.9	239.9r

Source: Bureau of the Census, "Current Industrial Reports," Series M22T, "Woolen and Worsted Woven Goods." r Revised.



(Over)

Tops Combed on Worsted Combs in the United States

(Weekly averages in thousands of pounds)

Period	No. of Weeks	Apparel Wool				All Other Fibers	Total Top Combed	On Comm. and For Sale	All Other
		60's and Finer	50's to 60's	48's and Coarser	Total				
1959									
July	4	1,426	864	130	2,420	261	2,681	85%	15%
August	4	1,444	919	130	2,493	314	2,807	86	14
September	5	1,602	867	115	2,584	316	2,900	82	18
October	4	1,529	879	111	2,519	314	2,833	81	19
November	4	1,362	750	114	2,226	305	2,531	82	18
December	5	1,259	708	91	2,058	247	2,305	80	20
1960									
January	4	1,652	709	112	2,473	327	2,800	81	19
February	4	1,367	908	140	2,415	291	2,706	78	22
March	5	1,390	648	115	2,153	284	2,437	75	25
April	4	1,369	797	105	2,271	317	2,588	75	25
May	4	1,272	1,061	126	2,459	323	2,792	77	23
June	5	1,198	1,205	148	2,551	328	2,879	77	23
July	4	1,020	1,228	115	2,363	322	2,685	78	22
August	4	1,377	1,007	146	2,530	323	2,853	80	20
September	5	1,166	950	124	2,240	248	2,488	79	21
October	4	1,099	1,053	105	2,257	262	2,519	77	23

Source: Bureau of the Census, "Current Industrial Reports," Series M22D, "Consumption on the Woolen and Worsted Systems."

Tops Produced on Worsted Comb and by Tow-to-Top Conversion in the United States

(Weekly averages in thousands of pounds)

Period	No. of Weeks	Apparel Wool	Man-Made Fibers		All Other	Total	Cumulative Totals	
			Acrylic	Other			1959	1958
1959							*(Million lbs.)*	
July	4	2,420	531	308	94	3,353	104.8	79.0
August	4	2,493	592	375	116	3,576	119.1	92.0
September	5	2,584	579	375	124	3,662	137.4	104.7
October	4	2,519	564	372	120	3,575	151.7	119.8
November	4	2,226	471	351	106	3,154	164.3	132.4
December	5	2,058	322	269	105	2,754	178.1	146.2
1960							1960	1959
January	4	2,473	432	308	147	3,360	13.4	13.4
February	4	2,415	538	314	123	3,390	27.0	26.8
March	5	2,153	516	315	134	3,118	42.6	43.3
April	4	2,271	552	283	175	3,281	55.7	58.2
May	4	2,459	NA	NA	NA	NA	NA	73.5
June	5	2,559	NA	NA	NA	NA	NA	91.4
July	4	2,363	NA	NA	NA	NA	NA	104.8
August	4	2,530	NA	NA	NA	NA	NA	119.1
September	5	2,240	NA	NA	NA	NA	NA	137.4
October	4	2,257	NA	NA	NA	NA	NA	151.7

NA Not available.
Source: Bureau of the Census, "Current Industrial Reports," Series M22D, "Consumption on the Woolen and Worsted Systems."

EXHIBIT D

Production in the United States of Woven Cloths and Woven Felts Wholly or Chiefly by Weight of Wool, Reprocessed Wool or Reused Wool*

Year‡	Woven Cloths						Woven Felts		
	Nonapparel Cloths				Total Apparel Cloths	Total	Papermaker Felts	All Other Felts	Total Woven Felts
	Blanketing§	Transportation Upholstery Cloths	All Other Cloths	Total					
	In millions of linear yards†						In millions of pounds		
1951	31.4	23.2	4.4	59.0	316.4	375.4	7.9	3.4	11.3
1952	24.4	16.5	2.5	43.4	308.0	351.4	6.3	2.2	8.5
1953	28.7	16.4	2.2	47.3	290.7	338.0	7.4	2.6	10.0
1954	12.6	5.1	4.1	21.8	262.4	284.2	7.2	2.6	9.8
1955	11.8	4.4	3.6	19.8	297.7	317.5	7.7	3.1	10.8
1956	8.8	2.0	.9	11.7	312.6	324.3	7.8	3.1	10.9
1957	8.7	2.0	.9	11.6	282.9	294.5	7.2	1.7	8.9
1958	7.2	1.1	.8	9.1	261.1	270.2	6.8	1.5	8.3
1959	5.7	1.2	.8	7.7	298.0	305.7	7.8	1.8	9.6

* As defined in the Wool Products Labeling Act.
† Blanketing in 72-inch width or equivalent. Other fabrics in 54–60-inch widths or equivalent 54-inch width.
‡ Calendar years or 52-week or 53-week periods approximating calendar years.
§ Includes crib blanketing.
Prior similar data were published in the 1956 *Bulletin*, Vol. LXXXVI, pages 2-121, 2-126 and 2-128.
Source: Bureau of the Census, "Facts for Industry," Series.
Prior to 1954 — M15H, "Wool Manufactures."
Thereafter — M22T, "Woolen and Worsted Woven Goods."

EXHIBIT D

Production of Woven Apparel Cloths in the United States

(In millions)

Year†	For Gov't Orders	For All Other Orders By Weight per Linear Yard				Total	Total*
		Up to 16 Oz.			16 Oz. and Over		
		Woolen	Worsted	Total			
	In Linear Yards						Sq. Yds.
25% or More by Weight of Wool, Reprocessed Wool, or Reused Wool‡							
1942....	211					246	457	685
1943....	186					255	441	661
1944....	91					348	439	658
1945....	116	Not				285	401	601
1946....	1	Available Prior to 1948				523	524	786
1947....	10					438	448	697
1948....	11	157	206a	363	60	423	434	651
1949....	17	131	151a	282	52	334	351	527
1950....	10	147b	188a	335	46	381	391	587
1951....	104	...	...	...	...	235	339	509
1952....	64	...	...	...	...	270	334	501
1953	20	...	...	...	...	293	313	470
Wholly or Chiefly by Weight of Wool, Reprocessed Wool, or Reused Wool‡								
1950....	10c	136c	167c	303c	46c	349c	359c	539
1951....	104	82	89	171	41	212	316	474
1952....	64	118	74	192	52	244	308	462
1953....	20	125	90	215	56	271	291	437
1954....	1	137	78	215	46	261	262	393
1955....	5	162	78	240	53	293	298	447
1956....	3	162	85	247	63	310	313	470
1957....	5	157	65	222	56	278	283	425
1958....	5	142	58	200	56	256	261	392
1959....	2	158	74	232	64	296	298	447

* Estimated at 1⅓ square yards to 1 linear yard, except for 1947 which came from the Census of Manufactures.

† 52-week periods except for 1942 — 51 weeks; 1943, 1947, 1953, and 1958 — 53 weeks.

‡ As defined by the Wool Products Labeling Act. Prior to the second quarter of 1947, collection forms were not specifically phrased in these terms but returns were probably made on this basis.

a Includes wool apparel fabrics reported by rayon and cotton weavers without classification as to weight or whether woolen or worsted in the following amounts in millions of linear yards: 1948 — 32; 1949 — 26; 1950 — 21.

b Includes 11 million linear yards of fabrics containing 25–49% of wool, reprocessed wool, or reused wool produced by woolen and worsted weavers during the last half of 1950 but not classified by weight or whether woolen or worsted.

c Includes cloths containing 25–49% of wool, reprocessed wool, or reused wool produced during the first half of 1950 by woolen and worsted weavers estimated in the neighborhood of 10 million linear yards.

Data from 1919 were published in the 1950 *Bulletin*, Vol. LXXX, page 2–187.

Source: 1942–1945: War Production Board and Civilian Production Administration (Forms WPB-1420 and CPA-1420).
1945–1953: Bureau of the Census, "Facts for Industry," Series M15H, "Wool Manufactures."
1954: Bureau of the Census, Census of Manufactures.
Thereafter: Bureau of the Census, "Facts for Industry," Series M22T, "Woolen and Worsted Woven Goods."

EXHIBIT D

Woolen and Worsted Looms in Place[1] in the United States

As of December	Broad Looms[5]					Narrow Looms[9]
	Total[5]	Automatic[7]	Non-automatic			
			Total[8]	Pile and Jacquard[8]	Other[8]	
1919.....	62,734a	NA	NA	NA	NA	18,984a
1925.....	64,434a	NA	NA	NA	NA	18,124a
1930.....	54,307a	NA	NA	NA	NA	12,852a
1935.....	44,830	22,596	22,234	NA	NA	7,769
1940.....	41,430	27,116	14,314	NA	NA	4,683
1945.....	37,226	28,335	8,891	NA	NA	1,925
1946.....	37,369	29,008	8,361	NA	NA	1,776
1947.....	36,972	28,703	8,269	NA	NA	1,600
1948.....	36,909	29,124	7,785	1,758	6,027	1,237
1949.....	35,444	28,375	7,069	1,546	5,523	1,331
1950.....	35,258	28,817	6,441	1,712	4,729	676
1951.....	33,935	28,124	5,811	1,730	4,081	814
1952.....	33,316	27,505	5,811	2,025	3,786	685
1953.....	31,008	26,247	4,761	1,365	3,396	NA
1954.....	26,106	22,422	3,684	1,015	2,669	NA
1955.....	21,969	18,598	3,371	1,015	2,356	NA
1956.....	19,389	16,482	2,907	1,192	1,715	NA
1957.....	18,433	15,896	2,537	1,044	1,493	NA
1958.....	17,410	14,797	2,513	963	1,550	NA

a Not specified whether in place[1] or otherwise.
r Revised.
NA Not available.
[1] Power-driven machinery set up in *operating position* at end of period. Does not include other such machinery in mills' possession.
[5] Looms with *over 50 inches reed space* normally weaving fabrics wholly or chiefly by weight of wool, reprocessed wool, or reused wool. Prior to 1951, such looms normally weaving fabrics containing by weight 25 per cent or more of the yarns spun on the woolen and worsted systems.
[7] Looms *over* 50 inches reed space with *automatic filling change*. From 1955, includes weaving machines.
[8] Beginning in April 1947 data for pile and jacquard looms were tabulated separately. Prior to this time it is believed almost all such looms were included as broad non-automatic looms.
[9] Looms with *50 inches reed space or less* normally weaving fabrics wholly or chiefly by weight of wool, reprocessed wool, or reused wool. Prior to 1951 such looms normally weaving fabrics containing by weight 25 per cent or more of the yarns spun on the woolen and worsted systems.
Source: Bureau of the Census.
1919–1935 — "Wool Machinery Activity Report, Revised Statistics, 1919–1937."
1940 — Annual "Wool Machinery Activity Report."
1941–1952: — "Facts for Industry," Series M15H "Wool Manufactures." December reports except in 1949 — "Summary, 1938–1949."
Thereafter: "Facts for Industry," Series M22T.
"Broad Woven Goods — Summary of Looms in Place at End of 1958."

:

1958r :16,600
1959 :17,608

EXHIBIT D

Worsted and Woolen Spinning Spindles in Place[1] in the United States

(In thousands)

December	Worsted Spinning Spindles	Woolen Spinning Spindles		
		Total	In Woolen[3] and Knitting[4] Mills	In Carpet[5] Mills
1919	2,356a	2,401a	NA	NA
1925	2,757a	2,460a	NA	NA
1930	2,510a	2,265a	NA	NA
1935	2,265	1,916	NA	NA
1940	2,036	1,684	1,534	150
1945	1,930	1,605	1,461	144
1946	1,917	1,600	1,457	143
1947	1,921	1,561	1,410	151
1948	1,863	1,535	1,372	163
1949	1,844	1,443	1,282	161
1950	1,813	1,329	1,171	158
1951	1,792	1,236	1,079	157
1952	1,692	1,124	964	160
1955	950	818	687	131
1956	809	750	632	119
1957	709	744	631	113
1958	636	703	597	106
1958r	660	725	619	106
1959	633	701	600	101

a Not specified whether in place[1] or otherwise.
NA Not available.
[1] Power-driven machinery set up in *operating position* at end of period. Does not include other such machinery in mills' possession.
[3] Mills producing woolen-spun weaving yarns (except carpet and rug yarn) or knitting yarns for sale or on commission, or weaving yarns for own use.
[4] Mills producing woolen-spun knitting yarns for own use.
[5] Mills producing woolen-spun carpet yarn for sale, on commission, or for own use.
Source: Bureau of the Census.
1919–1935 — "Wool Machinery Activity Report, Revised Statistics, 1919–1937."
1940 — Annual "Wool Machinery Activity Report."
1945–1952 — "Facts for Industry," Series M15H "Wool Manufactures," December reports except 1949 — "Summary 1938–1949."
Thereafter: "Facts for Industry," Series M22E "Woolen and Worsted Machinery Activity."

EXHIBIT D

Worsted Combs in Place[1] in the United States

As of December	Total	For Recombing Only	All Other		
			Noble or Bradford	French with Circular Pinning	
				Less than 16 inches wide	16 inches and over
1919	2,382a	NA	NA	NA	
1925	2,787a	NA	NA	NA	
1930	2,712a	NA	NA	NA	
1935	2,631	NA	1,880	751	
1940	2,490	NA	1,675	815	
1945	2,598	NA	1,654	944	
1946	2,601	NA	1,651	950	
1947	2,656	NA	1,681	975	
1948	2,679	NA	1,692	987	
1949	2,727	NA	1,662	1,065	
1950	2,750	NA	1,625	1,125	
1951	2,807	NA	1,643	1,164	
1952	2,721	NA	1,526	1,195	
1954	2,374b	NA	1,126b	1,248b	
1955	2,060	141	700	1,219	
1956	1,901	224	654	599	424
1957	1,564	204	537	451	372
1958	1,473	209	526	453	285

[1]Power-driven machinery set up in *operating position* at end of period. Does not include other such machinery in mills' possession, *except for 1954*.

a Not specified whether in place or otherwise.

b May omit a small number of combs in carpet or knitting mills.

NA Not Available.

Source: Bureau of the Census.
1919–1935 — "Wool Machinery Activity Report, Revised Statistics, 1919–1937."
1940 — Annual "Wool Machinery Activity Report."
1945–1952 — "Facts for Industry," Series M15H "Wool Manufactures," December reports except 1949 — "Summary 1938–1949."
1954 — Census of Manufactures.
Thereafter: "Facts for Industry," Series M22E "Woolen and Worsted Machinery Activity."

1958r	1,558	NA	NA	NA	NA
1959	1,587	181	496	479	431

EXHIBIT E

STATEMENT FOR PERIL POINT INVESTIGATION ON IMPORT DUTIES ON WOVEN WOOL CLOTHS

Before the United States Tariff Commission
December 1, 1959

By The National Association of Wool Manufacturers

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS

183 Essex Street
Boston 11, Mass.

386 Fourth Avenue
New York 16, N. Y.

STATEMENT FOR PERIL POINT INVESTIGATION
ON IMPORT DUTIES ON WOVEN WOOL CLOTHS
Before the United States Tariff Commission
December 1, 1959

By The National Association of Wool Manufacturers

This statement is submitted on behalf of the National Association of Wool Manufacturers, a national trade association with headquarters at 386 Fourth Avenue, New York 16, N. Y. It represents mills producing about 70% of the textiles made in the United States on the woolen and worsted systems. Our Government declares that the wool textile industry is essential to defense. It proved its essentiality in World War II not only to the United States defense posture but also to that of the Allied nations.

CHANGED CONDITIONS

When the United States in 1947 agreed under the General Agreement on Tariffs & Trade (GATT) to reduce sharply wool cloth duties, nearly 90% of total American woolen and worsted cloth imports came from the United Kingdon in whose interest our tariffs had already been previously reduced in 1939. Today the situation is radically changed. First Japan, and now Italy have become major suppliers, and imports from France, Uruguay, Switzerland and the Netherlands also have grown since 1947. In other words, the United Kingdom was virtually the only source of import competition in the American market in 1947. Today in the American market it is the United States industry versus the world.

The nature and potential of the foreign competition today has changed entirely. Each of the three major foreign competitors in the American market has more woolen and worsted looms than there are in the United States and in total they have 100,000 looms, or six times the 17,400 looms left in place in American mills. In addition there are at least 30,000 looms in the mills of secondary foreign suppliers to the American market.

In view of the number of unforeseen developments in our foreign competition and the American industry during the last decade, who can foretell the emergence of new foreign suppliers to the American market? Over and above the looms of our present principal and secondary foreign suppliers, there are thousands more throughout the world.

EXISTING DUTIES BELOW PERIL POINT

The National Association of Wool Manufacturers believes that the existing reduced United States duties on woven cloths wholly or in chief value of wool and hair under Tariff Law paragraphs 1108 and 1109(a) are below the "peril point." We believe they have permitted and are permitting the entry of imported cloths into the United States in such volume and under such circumstances that they have inflicted serious injury to the American woolen and worsted industry and are threatening even more serious injury.

First let me summarize some of the reasons why we believe the American woolen and worsted industry has been injured seriously by imports and faces even more serious injury from imports:

1. These reduced duties, in effect since January 1, 1948, are permitting, almost without interruption, a steady and rapid rate of growth in imports.

2. This growth is happening in the face of an unforeseen and severe contraction in the American market for wool cloth. The reduced duties are permitting imported cloths to displace American cloths in the American market at an even faster rate and the displacement has reached serious proportions.

3. The injury to the American industry caused by soaring wool cloth imports is compounded by increasing imports of other products of the industry, such as top, yarn and blankets and by increasing imports of our customers' products, clothing and knit apparel. For all of these products there is adequate American manufacturing capacity and no imports are necessary to meet essential American requirements.

4. These reduced duties are permitting imports into the American market at prices below cost of production in highly efficient American mills. Like a powerful magnet these low priced imports exert a tremendous downward pull on the price structure of the entire American industry.

5. The activated Geneva Reservation Tariff Rate Quota, negotiated with the 1947 duty concessions, now also appears, under its present terms and administration, to be inadequate to halt the imperiling surge of wool cloth imports. The higher duties under the tariff-rate quota also fail to afford any significant relief from the depressing effect of low-priced imports on the price structure of the American industry.

6. The steady and rapid growth of imports and the downward pull on the price structure of the American industry are basic evidences of the failure of the reduced American import duties to offset the gap between wages paid in the United States industry and in the industries of supplier nations abroad.

7. United States duties are completely inadequate in light of the duties on wool cloth determined to be necessary by the principal European wool manufacturing nations for preservation of their woolen and worsted mills.

8. Surging imports and the Government's reluctance to provide adequate protection to the American industry have shaken confidence in the future of the industry in varying degrees among management, labor and investors alike and thereby have dealt a serious blow to the American industry.

9. Imports have contributed directly and indirectly to the serious injury sustained by the American woolen and worsted industry since 1947, of which there is abundant and compelling evidence.

Now let me turn to developing these reasons further.

IMPORTS GROW RAPIDLY AND STEADILY

Since the existing reduced duties on wool cloths went into effect on January 1, 1948, imports have grown, almost without interruption, steadily and rapidly from a little over 4-1/2 million square yards in 1947 to an amount that in the current year will approach ten times that figure. The table below carries the results of the tabulations of the Bureau of the Census on imports into the U. S. for Consumption of Woven Fabrics wholly or in chief value of wool or hair under Tariff Law paragraphs 1108 and 1109(a):

Year	Square Yards	Year	Square Yards
1947	4,600,000	1953	24,300,000
1948	9,200,000	1954	19,500,000
1949	8,900,000	1955	29,200,000
1950	18,500,000	1956	34,900,000
1951	18,700,000	1957	32,200,000
1952	24,000,000	1958	34,300,000
		Jan.-Sept. 1959	40,300,000

It takes no more than a cursory review of this table to note that in only three of the twelve years since 1947 have annual imports been less than in the preceding year.

Since 1953 imports of fabrics containing 17% or more of wool or hair but not in chief value thereof have registered similar gains. These goods enter under Tariff Law Paragraph 1122 and are not included in the tabulation above. Imports of these fabrics amounted only to 52,000 pounds in 1953. By 1958, they had soared to over 1,600,000 pounds or 2,900,000 square yards. During the first nine months of 1959 they jumped to over 3,000,000 pounds, or more than 5,000,000 square yards, almost entirely from Italy. Due to raw material price relationships, these imports can include goods having a wool fiber content as high as 80 to 90% but still not be in chief value of wool. The bulk, if not all, of these fabrics is made in woolen or worsted mills abroad. Adding these 5,000,000 square yards to the total in the above table boosts gross imports to 45,300,000 square yards in the first nine months of 1959.

Imports largely supplant rather than supplement production here and, from 1948 to date, imports at the concession rates have displaced over 300,000,000 square yards of goods which would have been made in American woolen and worsted mills employing Americans at American wages.

U.S. PRODUCTION DROPS AS IMPORTS SOAR

Even more significance attaches to this steady and rapid rate of growth if imports, which is taking place almost without interruption, when one looks at what has happened to production of the American woolen and worsted industry in this same interval. By 1953 imports were more than five times those in 1947 and substantially all of these imported cloths are for the apparel trades. In sharp contrast, between 1947 and 1953, the apparel cloth output of the American industry had contracted by nearly a third. While the apparel cloth production of the American industry since 1953 appears to have leveled off with annual fluctuations between 260,000,000 and 315,000,000 linear yards a year, the steady and rapid rate of growth of imports continues and, as already pointed out, this year will approach ten times the 1947 level.

Output in U.S. in 1958 was the lowest of any year since 1938 and approximated 1954, the previous low point. It is against this extremely low level of production that current year-to-year comparisons of American output are made. There has been some measure of recovery during 1959 from the abysmal depths of 1958, but it is estimated that output for the current year will still fall well within the 260,000,000 to 315,000,000 linear yard range of fluctuation in production since 1953.

Production of Woven Apparel Cloths in the U.S.
(in millions of linear yards)

Year	Wool, Reprocessed Wool or Reused Wool by Weight	
	25%	50%
1947	448	
1948	434	
1949	351	
1950	391	359*
1951	339	316
1952	334	308
1953	313	291
1954		262
1955		298
1956		313
1957		283
1958		261
1st 6 Mos. 1959		152
1st 6 Mos. 1958		130

* Includes cloths containing 25-49% wool, reprocessed wool or reused wool produced during the first half of 1950.

Even this modest improvement in production over 1958, estimated at 15 to 20%, has resulted in temporary tight spots in a few areas because clothing manufacturers are placing orders for delivery many months further into the future than has been their practice in recent years. This 15-20% production improvement is somewhat encouraging to the American industry, though seriously tempered by the fact that imports in 1959 will chalk up a greater increase of 25 to 30% over 1958. Moreover, this growth in imports on a rapidly increasing trend carries entirely different significance than the moderate improvement in production by American mills from the depressed 1958 level. This becomes obvious when imports and domestic production now are compared with 1947, the year before the tariff concessions became effective. Imports for all of 1959 will be ten times those in 1947, while domestic production in 1959 will be about 30% less than in 1947, a decline wholly unforeseen by our Government at that time.

DISPLACEMENT OF U.S. GOODS BY IMPORTS

Imports have advanced from less than 1% of American production of apparel cloths in 1947 to about 9% in recent years. However, the impact is not equally distributed over the year. For example, during the first half of 1959, wool cloth imports were equal to about 15% of American apparel cloth output and ranged as high as 38% in some fabric weight classifications for which data are available. Following is a tabulation for the first half of 1959 showing the ratio of imports under paragraphs 1108 and 1109(a) to American production of woven apparel fabrics wholly or chiefly by weight of wool, reprocessed wool and reused wool, exclusive of production for Government orders:

Weight per linear yard	Ratio
Less 9 oz.	38%
9 to 13 oz.	14%
13 to 16 oz.	11%
16 to 20 oz.	7%
20 oz. and over	20%
All weights	15%

These ratios do not reflect over 4 million square yards of imports entered in the first half of 1959 under Tariff Law Paragraph 1122 for which weight classification is not available.

The injury to the American wool textile industry caused by imports cannot be measured in terms of woven cloth alone. Also rising are imports of other products of the industry, including wool tops, wool yarns and blankets. In addition, imports of clothing, the product of the industry's principal customers, are increasing.

During the first six months of 1959, imports of other products of the industry plus imports of wool clothing and knit apparel amounted to 7,500,000 pounds. This equals about 46% of the imports in the form of woven cloth. Imports of such items in 1958, were over 350% of those in 1947.

Imports of woven cloth in the form of finished garments appear to be on the verge of erupting to more disturbing levels, particularly from the Orient. United States officials last month bluntly warned clothing manufacturers in Japan and Hong Kong and their governments of the need for them to impose "voluntary" quotas on their exports to the United States. The danger was further emphasized by the November visit to Japan of counsel for the Clothing Manufacturers Association of the U.S.A. and the secretary-treasurer of the Amalgamated Clothing Workers of America. Their purpose was to determine the potential of clothing manufacture there for export to the United States.

EFFECT OF IMPORTS ON PRICE STRUCTURE OF AMERICAN INDUSTRY

Reduced duties on wool cloths are permitting imports into the American market at prices below cost of production in highly efficient American mills. The present tariff arrangement on wool fabrics is inadequate to equalize competition in the American market between foreign and domestic mills. Thus we find imported fabrics, duty paid, frequently are selling in the American market at prices ranging from a few cents to 50 or 60 cents or in some cases more than $1.00 per yard lower than comparable American fabrics. Price pressure from such imports, whatever their volume, is disruptive and injurious to the American industry. Like a powerful magnet, these imports exert a tremendous downward pull on the industry price structure.

Let me point out here that even without imports there is keen competition for the American market. Traditionally, the minimum price change, up or down, is 2-1/2 cents per yard. Sales are made -- or lost -- for as little as 2-1/2 cents, 5 cents or 10 cents a yard on comparable fabrics. Unless there is either a very strong market or a very weak market, prices established at the beginning of a

selling season remain relatively stable through that season. There is no day-to-day fluctuation such as exists in cotton gray goods.

Under these circumstances, American mills are forced to keep profit margins to a minimum, or, in some cases, to operate at the break-even point or less, if mill operations are to be continued. Even after foreign mills have booked their business it is extremely difficult for American mills in competing for the remaining business to increase prices without causing a competitive disadvantage to their customers. They find themselves in a straitjacket applied by imports. Price pressure initiated by imports builds up in every segment of the American market in all price brackets. Inevitably, it has injured the American industry and contributed to its poor profit position.

THE PROFIT AND LOSS RECORD

The latest data of the Treasury Department compiled from income tax returns of woolen and worsted broad woven fabric mills cover the year 1956. During the period 1948 through 1956, the net income after taxes of all mills so classified was less than 1-1/2% on sales. It included four consecutive years, 1952 through 1955, in which almost half the companies returned losses totaling $138,000,000 and in which the entire industry showed a net loss after taxes in excess of 1-1/2% on sales. From the few public statements issued by companies in the industry, addition of the years since 1956 should make no significant change in this picture.

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THE GENEVA RESERVATION

The activation since 1956 of the tariff-rate quota under the Geneva Reservation, without question, has been a restraining influence on the volume of imports. For this the American industry must be thankful. It is fearful to contemplate the extent of injury today, had there been no implementation. Nevertheless the increase of duties generally from 25% to 45% after filling of the tariff-rate quota has afforded no significant relief from the depressing effect of the low-priced imports on the industry price structure. Price levels, once influenced by imports at the 25% duty rate, do not readily buoy when the duty rate temporarily increases to 45% until the beginning of a new year. As we have said, in the absence of a very strong market or a very weak market, prices established at the beginning of a selling season remain relatively stable throughout that season.

The 45% duty in effect after filling of the tariff-rate quota since 1956 has scarcely interrupted the steady increase of imports. During 1957, the first full year of operation under the tariff-rate quota, total imports dropped slightly below those of 1956, a post-war high, and it appeared the upward surge might have been arrested. But in 1958 imports rose 6% over 1957 and were barely below the 1956 post-war high. This import increase in 1958 over 1957 was achieved while American production sagged to the lowest level since 1938. These developments raised serious concern about the adequacy of the Geneva Reservation. All doubt was removed this year with a veritable explosion of imports, as a new wave of cheap woolens from Italy's Prato area reached our shores. During the first nine months of this year, for which we now have data, imports of wool cloths under tariff-law paragraphs 1108 and 1109(a) and 1122 are 64% over the same period in 1956.

These added imports from Italy moved her from a poor third in 1958, after the United Kingdom and Japan, to first position as a supplier of foreign cloths in the American market. The emergence of first Japan and now Italy as major suppliers to the American market was apparently unforeseen by our negotiators in 1947. Not only is the United Kingdom no longer the principal overall supplier, but other countries have displaced her as the principal supplier in numerous classes of cloth.

In retrospect it is now evident that implementation of the Geneva Reservation since 1956 failed to slow the rapid growth of imports from Italy, Japan and Uruguay. Imports from these countries are shown below.

Country	1952	1953	1954	1955	1956	1957	1958
Under Tariff Law Paragraphs 1108 and 1109(a)							
(In Thousands of Square Yards)							
Japan	121	219	827	2,880	6,066	7,883	11,438
Italy	2,155	2,509	2,012	3,319	4,207	4,017	5,862
Uruguay	127	244	258	437	507	540	650
Under Tariff Law Paragraph 1122							
(In Thousands of Pounds)							
Italy	Neg.	Neg.	Neg.	30	198	301	1,509*

*Or 2,713,000 square yards.

It is now also evident that the growth of imports in numerous of the statistical weight and value classifications for which data are available has not been halted by the implementation of the Reservation. It is noteworthy that there was no decline in the amount of imports even from the United Kingdom in cloths weighing over 4 but not over 6 ounces per square yard and valued over $4 per pound. This is also true in five or six other classifications of cloths of lessor importance to the United Kingdom.

Since the implementation of the Geneva Reservation, the period required to fill the tariff-rate quota at the 25% ad valorem rate has shortened progressively, and the amount of cloths entered each year at the temporary higher rates, mainly 45%, has grown steadily and rapidly, as shown in the table below:

Year	Tariff-Rate Quota		Imports	Excess over Quota
	Date Filled	Amount		
		In Millions Of Pounds		
1957	July 25	14.0	15.9	1.9
1958	July 1 - 4:25 p.m. EST	14.2	16.4	2.2
1959	May 18 - 4:15 p.m. PDT	13.5	19.7*	6.2*
		In Millions Of Square Yards		
1957		28.5e	32.2	3.7e
1958		29.9e	34.3	4.4e
1959		28.0e	40.3*	12.3*

e - Estimate

* - Thru September 1959

The quantity of imports which will enter this year at the higher 45% rate-over and above the 13 1/2 million pounds at the 25% rate-will treble total imports during 1947 when the duty concessions were negotiated and will exceed the total imports of any of the twenty years 1930-1949. Analysis of these entries at the higher 45% rate shows some uneven effects, but they include cloths from all supplying countries, in all value brackets and in all weight classifications. This raises serious question whether the higher 45% duty in effect on a year round basis could stem the steady and rapid rate of growth in imports.

IMPORT DUTIES AND THE WAGE GAP

Wool is an international commodity available to all nations at the same prices in its primary markets. Wool processing machinery is manufactured in and traded among all the advanced wool manufacturing nations. The principal foreign suppliers of wool fabrics in the American market are all advanced manufacturing nations. Consequently the basic variables in manufacturing costs between these nations and the United States lie in the variation in wages paid for labor. The reduced United States import duties fail to offset the gap between the $1.69 average hourly wage in the American industry and the vastly lower rates paid in the industries of supplier countries abroad. This results in injury to the American industry from the steady and rapid rate of growth of imports and their downward pull on the price structure of the American industry.

When the duty concessions were negotiated in 1947 with the United Kingdom, then the chief supplier, wages paid in the United States industry exceeded those paid

in United Kingdom mills by about 78 cents per hour. Today this spread is about $1.14, representing an increase of virtually 50% in the wage gap. This alone should justify upward revision of American import duties.

An even larger increase in the duties is justified, however, because several other countries have become major suppliers with wages as much as 35 to 40 cents an hour less than present United Kingdom wages. The wage spread between these new suppliers and United States manufacturers is about double the difference in wages in 1947 between the United States and the United Kingdom when the tariff concessions were negotiated. Present tariffs, inadequate as they are for British goods, are doubly inadequate for goods from the new major suppliers, Italy and Japan.

U.S. DUTIES TOO LOW ON BASIS OF EUROPEAN DUTIES

The United Kingdom currently finds an import duty of 171/2% necessary for the protection of her woolen and worsted industry, which has an average wage of about 55 cents an hour. On this same basis, the indicated necessary United States duties would be over 50% with American wages about three times those in the United Kingdom.

Italy finds wool cloth import duties of 15 to 18% necessary; France 15 to 25% and West Germany 12 to 13%. Wages in all these countries are less than in the United Kingdom. In most, if not all cases, the indicated necessary United States duty would equal or exceed the over 50% duty based on the United Kingdom example. Furthermore, except for the United Kingdom, these European countries require import licenses in addition to import duties. Also the United Kingdom and France still withhold "most favored nation" treatment from Japan under GATT.

In short, if the mills in the United Kingdom and other nations were paying wages current in this country today, they would be protected by duties far higher than the reduced American rates now in effect. Yet we find these nations out to achieve further cuts in American wool cloth tariffs.

DOUBTS CREATED BY IMPORTS AFFECT MANAGEMENT DECISIONS

Surging imports and the Government's reluctance to provide adequate protection to the American industry have shaken confidence in its future among management, labor and investors alike and thereby have dealt a serious blow to the American industry. Lack of confidence dampens incentive of management to do the things necessary to maintain healthy companies and a healthy industry. We believe that in the last decade rapidly rising imports and the Government's hesitancy to provide adequate protection to stem these imports have been an important factor in the decisions of many mill managements to liquidate or curtail rather than continue or expand mill operations. Moreover, these doubts also affect investors, potential investors, employees and persons considering wool textiles as a career.

There are problems galore in day-to-day operations and in future planning for woolen and worsted mills. All of these are normal in the American economy. Mill management expects them and hopes to solve them. Their solution in this atmosphere of doubt does not lead to a healthy industry. Let me emphasize the effect of these doubts upon the economic environment and the economic thinking of mill management. It is not good.

While it is all very well for us to say that imports and Government policy have a profound effect in the contraction of the American industry, we cannot prove it by any chart or plot. The surging trend of imports can be plotted, as can the contraction of the industry. Not so the decisions to curtail or liquidate born of doubts and lack of confidence in the future.

EVIDENCE OF SERIOUS INJURY ABUNDANT AND COMPELLING

The serious injury sustained by the American woolen and worsted industry since 1947, to which rapidly rising imports have contributed, is shown by abundant and compelling evidence. Severe liquidation in the industry--liquidation of mills, manufacturing, machinery and jobs-accompanied the decline in production and the rapid growth of imports already reviewed. The 1954 Census of Manufactures shows a drop of 184 wool textile plants from the 1947 Census. Of these 152 were woolen and worsted weaving establishments. Additional wool textile plants have liquidated or otherwise have gone out of business since 1954 and it is estimated that the net loss now exceeds 250. Included were some of our largest mills and they have not been replaced. In terms of manufacturing machinery in place, contraction has been about 60%. This represents a further contraction of about 10% since we appeared before the Office of Defense Mobilization in 1956. Specifically, the decline since 1947, when the present wool textile duties were negotiated follows:

Looms	53%
Worsted Spinning Spindles	67%
Woolen Spinning Spindles	58%
Worsted Combs (adjusted basis)	61%

The machinery loss since 1947 is detailed in Exhibit A. By far the greatest loss in machinery has taken place since 1952, the interval in which imports of wool cloth have shown their greatest growth.

The severe reduction in the number of mills and in the amount of machinery in place threw thousands of persons out of work, many in areas where it was virtually impossible for them to turn to other types of employment. The number of production workers in the industry declined 53% between 1947 and 1957, as shown below:

Year	Average Number	Wages Paid
1947	167,000	$395 million
1948	170,000	447
1949	131,000	355
1950	144,000	403
1951	125,000	406
1952	113,000	380
1953	119,000	385
1954	82,000	250
1955	86,000	265
1956	87,000	281
1957	78,000	252 million

The American industry is not proud of its profit record detailed in Exhibit B and already reviewed. Nor should our government be content with the environment contributing to these poor results.

To reiterate, low-wage imports have contributed to this severe contraction of an industry which the Government declares essential to national security. Imports contribute directly to this injury by displacement of American goods. Moreover, as detailed elsewhere in this statement, they cause serious injury and threaten even more serious injury through the downward pressure exerted on the industry price structure and their shackling influence on executive decision regarding present and future operations and plans of their companies.

CONCLUSION

When the United States in 1956 activated the Geneva Reservation tariff-rate quota, it recognized that the 25% ad valorem import duty had permitted or was threatening serious injury to the American woolen and worsted industry. The record both before and after that action has fully justified it. The short experience since 1956 with the higher duty rates imposed after filling of the tariff-rate quota now is demonstrating their inadequacy to stem the imperiling growth of imports and relieve the pressure on the industry's price structure. This investigation, we believe, must lead you to the same conclusions.

The interdepartmental Committee on Trade Agreements has advised us that the Government considers the 25% duty on wool cloths to be the duty subject to renegotiation. Under the Trade Agreements Act as amended, this decision means the President could cut the wool cloth duty from 25 to 20%. Consequently, the Tariff Commission is required by the Act to institute an escape clause action should it determine this same 25% concession rate is below the peril point.

To repeat, we believe your investigation must lead you to the conclusion that not only the 25% concession rate but also the 45% concession rate are below the peril point and will require institution of an escape clause action by the Commission to develop remedies for the situation as provided by the Trade Agreements Act.

EXHIBIT A

Woolen and Worsted Machinery in Place in the United States

Year	Looms	Spinning Spindles		Worsted Combs*
		Woolen	Worsted	
1947	36,972	1,410,000	1,921,000	2006
1948	36,909	1,372,000	1,863,000	2021
1949	35,444	1,282,000	1,844,000	2017
1950	35,258	1,171,000	1,813,000	2000
1951	33,935	1,079,000	1,792,000	2031
1952	33,316	964,000	1,692,000	1924
1953	31,008	-	-	-
1954	26,106	691,000	1,214,000	1542
1955	21,969	687,000	950,000	1106
1956	19,389	632,000	809,000	995
1957	18,433	631,000	709,000	811
1958	17,410	597,000	636,000	777

* Adjusted basis-counting 3 French Combs as 1 Comb.
Source - Bureau of the Census.

EXHIBIT B

Corporation Income and Profit Tax Returns to United States Treasury Department

Classified as Woolen and Worsted Broad Woven Fabric Mills†

All Dollar Figures in Thousands

Year[2]	Number of Returns: Inactive Corp.	Number of Returns: Active Corp.	Total Compiled Receipts[3]	Net Income or Deficit[3]	Income and Profit Taxes[4]	Net Income After Taxes
All Returns Combined						
1948	5	367	$1,313,505	$131,302	$48,521	$82,781
1949	6	366	1,050,627	39,859	19,083	20,776
1950	4	319	NA	79,503	36,509	42,994
1951	...	298	1,523,071	77,016	44,424	32,592
1952	...	281	1,231,762	26,535	33,552	*7,017d*
1953	...	303	975,568	*2,883d*	15,838	*18,721d*
1954	...	243	731,754	*15,997d*	10,813	*26,810d*
1955	...	290	833,186	5,742	17,161	*11,419d*
1956	...	242	827,229	38,415	20,230	18,185
Returns Showing Net Income						
1948	...	224	$1,205,003	$131,275	$48,521	$82,754
1949	...	181	872,125	51,597	19,083	32,514
1950	...	218	NA	85,463	36,509	48,954
1951	...	170	1,310,308	85,210	44,424	40,786
1952	...	167	802,993	60,354	33,552	26,802
1953	...	145	599,426	30,252	15,838	14,414
1954	...	125	410,664	23,423	10,813	12,610
1955	...	150	557,630	37,361	17,161	20,200
1956	...	156	695,446	47,291	20,230	27,061
Returns Showing No Net Income						
1948	5	143	$108,502	*$ 9,973d*	....	....
1949	6	185	178,502	*11,738d*	....	....
1950	4	101	NA	*5,960d*	....	....
1951	...	128	212,763	*8,194d*	....	....
1952	...	114	428,769	*33,819d*	....	....
1953	...	158	376,142	*33,135d*	....	....
1954	...	118	321,090	*39,420d*	....	....
1955	...	140	275,556	*31,619d*	....	....
1956	...	86	131,783	*8,876d*	....	....

† This industry comprises establishments primarily engaged in weaving woolen and worsted fabrics over 12 inches in width. Important products of this industry include woolen and worsted apparel fabrics, household fabrics, industrial and mechanical fabrics, woven felts, and hair cloth. Establishments primarily engaged in weaving carpets and rugs are not included.

[2] Includes calendar and fiscal year reports.

[3] Contents vary with provisions of tax laws. Total compiled receipts include such items as gross sales or receipts from operations, interest, rent, dividends received, capital gains and other taxable income; prior to 1939 designated Gross Income.

[4] Includes the excess profits tax imposed by the Excess Profits Tax Act of 1950, and which took effect as of July 1, 1950.

d Deficit.

NA Not available.

Source: Statistics of Income — United States Treasury Department.

EXHIBIT F

STATEMENT ON PROPOSED RENEGOTIATION OF IMPORT DUTIES ON WOVEN WOOL CLOTHS

Before the United States Committee for Reciprocity Information
Washington, D.C. - December 1, 1959

Submitted by

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS

183 Essex Street
Boston 11, Mass.

386 Fourth Avenue
New York 16, N.Y.

STATEMENT ON PROPOSED RENEGOTIATION OF IMPORT DUTIES ON WOVEN WOOL CLOTHS

Before the United States Committee for Reciprocity Information
December 1, 1959

By the National Association of Wool Manufacturers

This statement is submitted on behalf of the National Association of Wool Manufacturers, a national trade association with headquarters at 386 Fourth Avenue, New York 16, N.Y. It represents mills producing about 70% of the textiles made in the United States on the woolen and worsted systems. Our Government has declared the wool textile industry is essential to defense. It proved its essentiality in World War II not only to the United States defense posture but also to that of the Allied Nations.

Renegotiation of United States wool cloth duties, including the Geneva Reservation, we are told by the State Department, comes as a result of a request in August by the United Kingdom. The State Department announcement followed close on the heels of an historic television broadcast in which the principals were the President of the United States and the Prime Minister of Great Britain. This broadcast was anticipated as one in which the gravest of global problems affecting the peace of the world would be discussed. Thus, it was both astonishing and disturbing to American wool manufacturers to see and hear Prime Minister Macmillan inject and rank U.S. wool cloth tariffs among these issues by saying, "I wish you could do something for us on wool textiles." There was also a fair degree of envy that the prime minister should manifest such concern for a specific area in the British economy, the export of wool fabrics to the United States, even discounting the fact that the London broadcast took place in a pre-election period. Besides, exports, while possibly encountering commercial inconvenience, had in fact increased three-fold since the original American tariff concessions were granted and today represent some 20 to 30 million dollars a year in export business for the United Kingdom.

American manufacturers understandably were further disturbed to note, in sharp contrast, that the State Department announcement of our government's intention to renegotiate to find a solution "to the many problems" attributed to the Geneva Reservation tariff-rate quota cited only "importing interests" and "exporting interests in other countries." There was not one word of recognition of the American wool textile industry interest or its perilous situation arising out of the severe tariff cuts of 1948. It was of some encouragement then to read the broader concern expressed in the Interdepartmental Trade Agreements Committee's notice of intention to renegotiate:

> "The renegotiations are being undertaken in an effort to find a solution . . . satisfactory to all domestic interests involved as well as foreign governments . . ."

The entire textile industry of the United States is deeply, vitally concerned by this problem. Following the State Department announcement the American Cotton Manufacturers Institute declared:

> "Particular concern is expressed because of the lack of any statement on the part of the United States Government of an intention to correct the extensive damage to our domestic wool textile industry caused by tariff reductions and the consequent increase in imports from both Western European and Asian mills."

and,

> "Failure of the United States Government to act promptly, vigorously and unequivocally to correct the inequities which tend to destroy one branch of our industry, threatens the whole industry and must be condemned by all." (emphasis added)
>
> (ACMI Board of Directors, Oct. 3, 1959)
> (Full Resolution attached, Exhibit 1)

The "whole industry" threatened is that making products which were characterized in the Report of the Senate Committee on Interstate and Foreign Commerce, widely known as the Pastore Report, in this manner:-

> "Textile mill products have a high military priority. The Department of Defense has ranked the textile industry second only to steel in terms of military essentiality. It would be the height of folly in a world where we must realistically recognize the necessity for military preparedness--however much we hope for and work toward the elimination of war--to allow the domestic textile industry to contract to the point where it could not satisfy our basic civilian and military needs in the event of an all-out emergency."

Specifically involved in these proceedings are wool textiles, that segment of the textile industry first declared to be "essential to national security" by the director of the then Office of Defense Mobilization in his letter of January 6th, 1958, to us:

> "We accept the general premise . . . 'past experience in national emergencies has established beyond reasonable doubt that an adequate wool textile industry is essential to national security.' "

Thus national security is a vital consideration in the proposal to renegotiate American wool cloth duties, including the Geneva Reservation and we urge that this fact be kept firmly in mind when recommendations for the President are developed.

POSTPONEMENT REQUESTED

Jointly with the Wool Manufacturers Council of the Northern Textile Association we requested postponement of the C.R.I. hearing "until the Tariff Commission has resolved its legal responsibility" (Letter November 11, 1959, Exhibit 2).

In this request for postponement we have been joined by the Boston Wool Trade Association, The New York Wool Trade Association and, on additional grounds, the National Wool Growers Association, and the Wool Grower Associations of Iowa, Minnesota, South Dakota and Nebraska.

In a letter from Joseph E. Talbot, Chairman of this Committee as well as the Tariff Commission, we were advised: "It does not appear that a postponement . . . is warranted." Then the wool grower organizations, concerned as we are by the untimeliness of this hearing and the dual burden it imposes, also requested postponement.

In the Chairman's letter it was pointed out "that Tariff Commission" peril point "determinations are never made public." We know this, but Section 7 of the 1958 extension of the Trade Agreements Act requires the Commission to launch an escape clause action if it determines a peril point has been breached, and stipulates: "in the course of any such investigation . . . the Tariff Commission shall hold hearings giving reasonable public notice thereof and shall afford reasonable opportunity for interested parties to be present to produce evidence, and to be heard at such hearings."

Under the escape clause procedure in Section 7 of the Act, if the Tariff Commission finds that a product on which a concession has been granted is being imported in such increased quantities, either actual or relative, as a result of the concession, in whole or in part, as to cause or threaten serious injury to the domestic industry the Commission shall make remedial recommendations to the President. The Tariff Commission is also directed by the Congress immediately to make public its findings and recommendations to the President, including dissenting or separate findings, all of which shall be published in summary in the Federal Register.

The paramount point we would make here is that the 1958 extension of the Trade Agreements Act does not require these concurrent hearings before the U.S. Tariff Commission and the Committee for Reciprocity Information and we believe it is not logical for the C.R.I. to hold a hearing until it is known whether the Commission will launch an escape clause investigation.

State Department officials were quoted in the press as saying the Government itself could develop no position for the renegotiation until after the Tariff Commission findings were made.

OPERATION VACUUM

Without knowledge of what our government considers to be proper economic environment to foster and protect our wool textile industry from import peril, in the absence of any specific suggestion as to alternates to the "present arrangements" which would be satisfactory to importers here and exporters in other countries, about whom our State Department has manifested exclusive concern, this hearing can only be a sounding board for a welter of self-seeking solutions.

The statements of import and foreign interests already submitted to this Committee prove this point. They say wool cloth imports have not, do not and will not damage the American industry but are vastly important to mills abroad. They fail to explain, however, how these goods can be so completely innocuous here and so tremendously important abroad, a contradiction we hope you will carefully consider.

Then they go on to propose "solutions" but their solutions relate wholly to their own problem, or rather to their aim of capturing more and more of the American market until the American industry is reduced to virtually nothing or even completely eliminated. In essence, our foreign friends say the Geneva Reservation tariff-rate quota should be killed and the wool cloth duty reduced from 25% to 20% ad valorem, the lowest level American law permits.

With straight faces our foreign friends advance these steps as "solutions" acceptable to all domestic interests. By so doing they insult the intelligence of the Interdepartmental Committee on Trade Agreements which, as pointed out earlier, declared the aim of the renegotiation is to find a solution "satisfactory to all domestic interests concerned as well as to foreign governments." As a major component of the domestic interests concerned, the American woolen and worsted industry quite obviously would not be satisfied by the death of the Geneva Reservation and reduction of the wool cloth duty to 20%.

In short, our foreign friends have become so obsessed with the idea that our market--the American market--belongs to them that they have had the effrontery to propose "solutions" which they know full well could not possibly be acceptable to the American industry. Our own interests also are self-serving, but, at least, we have tried to take into account the views of all interested parties and to relate them to the existing framework of law and trade treaties by which we are bound, as will be shown later. That is the least that you might reasonably expect from import and export interests.

TRADE POLICY COMMITTEE FAILS TO FIND SOLUTION

Attempts to come up with alternates to the Geneva Reservation are not new. In March of 1958 the President requested his Trade Policy Committee to undertake a special review and make an early report to him of alternatives to the present arrangements (tariff-rate quota) under which wool fabric tariffs are applied. As of this date we have no knowledge of recommendations, if any, of the Trade Policy Committee.

INDUSTRY PROPOSAL PIGEONHOLED

In consequence of the President's request to his Cabinet-level Trade Policy Committee, a joint committee of the Wool Manufacturers Council of the Northern Textile Association and this Association explored the matter at great length with the Secretary of Commerce, who also is Chairman of the Trade Policy Committee. On July 30, 1958, the Committee left a memorandum, Exhibit 3, with the Secretary. Its essence is in the following paragraphs:

> "One central fact emerged from our exploration of alternates for the application of wool cloth duties that followed our visit to your office on June 25th. The problems arising from the rapidly growing competition from Japan introduced so many complications to the consideration of alternates that it will be necessary initially to deal with them.
>
> "The wool textile industry is unified in its belief that the most practical and realistic approach to the problem of Japanese imports of wool textiles and apparel is by way of quantity limitations."

Significantly, it had not previously been the policy of this Association to endorse quantitative quotas. However, so severe were the unforeseen results of the 1948 tariff concessions that no other alternative appeared both adequate and feasible.

As is all too apparent, this proposed solution was not pursued by our government. Further, the open-ended quota on fabrics unilaterally developed and imposed by Japan in October, 1958, fell far short of what is needed and in no way reassured our industry. Moreover, our customers, American clothing manufacturers, are now awakening to their own danger from imported garments made in the Orient and are seeking quotas.

GENEVA RESERVATION MODIFIED IN 1958 AND 1959

This Association not only cooperated with government in quest of a solution for complaints about the tariff-rate quota but has joined with both foreign and domestic interests in valid cases. In a letter to the President on September 3, 1959, following the disturbing TV broadcast, it was pointed out:

> "We supported the suggestion of the British Wool Textile Export Corporation for country-by-country allocation of the tariff-rate quota and the Clothing Manufacturers Association of the U.S.A.'s proposal calling for a constant year-round rate of duty for certain high-priced fabrics. We understand the allocation proposal was considered impracticable. However, you, while not adopting the C.M.A. plan, did proclaim special treatment for the high-priced fabrics for 1959."

BASIC FAULT IN CONCESSIONS

The fact of the matter is that the basic fault requiring correction lies not in the Geneva Reservation but in the concessions. As we stated to the President in our letter of September 3:

> "The 1947 duty reductions on wool textiles should not have been made in the first place. Your implementation of the Geneva Reservation in 1956 and thereafter should stand as sufficient proof of that. But, even had the reductions not been made, we would be confronted today with grave import problems."

INJURY COMPOUNDED BY "MOST FAVORED NATION" POLICY

When the basic tariff rates on wool textiles were established in the Tariff Act of 1930, when tariff concessions were negotiated with the United Kingdom in 1939, and when the existing duties were negotiated with the United Kingdom in 1947 our principal source of wool cloth imports was the United Kingdom.

These needless concessions have not only seriously injured the American industry but also a large portion of benefits intended for the United Kingdom has been siphoned off in an unforeseen manner by Japan, Italy and others. This has cut into Britain's former relative portion of the American market pre-empted by imports. The United Kingdom share of this pre-empted market has dropped from over 85% in 1947 to less than a third this year. In view of Britain's bitter complaints, however, it is significant that cloth imports from the United Kingdom in the first nine months this year are 5% higher than in the same 1958 period, that they are 219% more than in all of 1947 and, furthermore, she has accounted for 58% of total American cloth imports from 1947 to October 1, 1959. In view of these facts, Prime Minister Macmillan's television plea to the President for help on wool textiles is all the more astounding. Great Britain has not been able to reserve unto herself the benefits she expected from the tariff cuts we made in 1939 and 1947 for the same reason we are suffering a steadily and rapidly increasing loss of our home market to imports. The other foreign sources with which she competes in the American market have too great a wage cost advantage. They are in better position to benefit from the duty cut in her interest but which, by reason of our most favored nation policy, is extended to her competitors.

CONCESSIONS SHOULD BE WITHDRAWN

The serious injury wrought upon the industry by the unwarranted tariff concessions negotiated in 1947 with the United Kingdom and the threat of still greater impending injury is set forth in convincing detail in our statement before the Tariff Commission in its peril point investigation and is premised on the following nine points:

1. These reduced duties, in effect since January 1, 1948, are permitting, almost without interruption, a steady and rapid rate of growth in imports.

2. This growth is happening in the face of an unforeseen and severe contraction in the American market for wool cloth. The reduced duties are permitting imported cloths to displace American cloths in the American market at an even faster rate and the displacement has reached serious proportions.

3. The injury to the American industry caused by soaring wool cloth imports is compounded by increasing imports of other products of the industry, such as top, yarn and blankets and by increasing imports of our customers' products, clothing and knit apparel. For all of these products there is adequate American manufacturing capacity and no imports are necessary to meet essential American requirements.

4. These reduced duties are permitting imports into the American market at prices below cost of production in highly efficient American mills. Like a powerful magnet these low priced imports exert a tremendous downward pull on the price structure of the entire American industry.

5. The activated Geneva Reservation Tariff Rate Quota, negotiated with the 1947 duty concessions, now also appears, under its present terms and administration, to be inadequate to halt the imperiling surge of wool cloth imports. The higher duties under the tariff-rate quota also fail to afford any significant relief from the depressing effect of low-priced imports on the price structure of the American industry.

6. The steady and rapid growth of imports and the downward pull on the price structure of the American industry are basic evidences of the failure of the reduced American import duties to offset the gap between wages paid in the United States industry and in the industries of supplier nations abroad.

7. United States duties are completely inadequate in light of the duties on wool cloth determined to be necessary by the principal European wool manufacturing nations for preservation of their woolen and worsted mills.

8. Surging imports and the Government's reluctance to provide adequate protection to the American industry have shaken confidence in the future of the industry in varying degrees among management, labor and investors alike and thereby have dealt a serious blow to the American industry.

9. Imports have contributed directly and indirectly to the serious injury sustained by the American woolen and worsted industry since 1947, of which there is abundant and compelling evidence.

Any alternate duty arrangements negotiated to replace the present ones must improve the situation in two distinct areas to be satisfactory to the American woolen and worsted industry. They must:

1. Yield relief from the heavy downward pressure of lower priced imports on the price structure of the American industry and terminate imports into the American market at prices below the cost of production in American mills of high efficiency.

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2. Halt and reverse the steady and rapid rate of growth of imports under the reduced duties negotiated in 1947 and in effect since January 1, 1948.

Devising an alternate that will meet these requirements and at the same time be within both the framework of our most-favored-nation policy and the General Agreement on Tariffs and Trade and acceptable to the other contracting parties of GATT, seems to present an insoluble problem unless the United States is willing to consider concessions in areas beyond wool manufactures. This would not be without reason as the Government is responsible for the present situation through granting concessions on wool cloth duties in previous negotiations that are now seriously injuring the American industry. In any event, experience seems to warrant the withdrawal of all concessions that have been granted under Paragraphs 1108 and 1109(a) of the Tariff Act of 1930.

UNITED KINGDOM'S COMPLAINTS

Satisfaction of the United Kingdom's complaints on the present tariff-rate quota through adjustment of tariff rates defies any lasting solution as long as our most-favored-nation policy obtains. Her problems of competition in the American market differ from those of the American industry only in degree--other foreign suppliers have too great a wage cost advantage. Any year-round tariff adequate to equalize the wage gap enjoyed by Oriental producers will largely foreclose exports to the United States from the United Kingdom. On the other hand, a tariff to equalize only the gap between the United States and the United Kingdom will be an empty gesture with respect to competition from Japan and Italy and must lead to the destruction of the American industry. Furthermore there seems to be few, if any, areas of the American market where it would be safe to work on the assumption there will be only competition from the United Kingdom. Her foreign competitors can usurp benefits from advantage granted in any area of the market where deference to the United Kingdom may be intended. Vexing as this competition from other suppliers in the American market may be to English manufacturers, this vexation is as nothing compared to the concern of American manufacturers for their own survival.

ALLOCATION OF BASE DUTY QUOTAS BY COUNTRIES

There may be a solution for United Kingdom complaints through allocation of the tariff-rate quota among supplier nations. We endorsed the proposition advanced last year by the British Wool Textile Export Corp. calling for allocation by countries. Basically we believe our Government should unilaterally take such action as may be required properly to protect our national interest.

But here is an area where the complainants themselves, by mutual accord, could take significant steps to remedy the cause of their complaint. If reduction of the pressure to beat the other fellow to the bargain duty market is their real desire, here is their opportunity. We have been assured that there is no legal limitation on the President's authority to proclaim any such arrangement which can be negotiated through to agreement. In a letter of November 12, from Mr. John A. Birch, Chairman of the Interdepartmental Committee on Trade Agreements, we find the following language:

> "You also inquire about the President's authority, under trade agreements procedures, to allocate a tariff quota in various ways and to establish a quantitative limit on imports. There is no limitation in the legislation on the President's authority to allocate tariff-rate quotas or to establish and proclaim a quantitative limit on imports. Any such allocation would need to be in conformity with provisions of the General Agreement on Tariffs and Trade and should be negotiable with those contracting parties having negotiating rights in the concessions which the United States proposes to modify. As you are aware, it is the position of the United States Government that the terms of the note to item 1108 of Schedule XX of the General Agreement on Tariffs and Trade under which the existing tariff quota on wool fabrics is established preclude allocation of the tariff quota by types of fabrics."

How the contracting nations would divvy up their own country's quota among their own nationals is no concern of ours but an interesting point for speculation. Yet it probably would not present a problem of as much magnitude as in this country, because supplier nations have had greater experience with Government control and with the negotiation of cartel arrangements.

QUOTAS AND TARIFF-RATE QUOTAS

In exploring the use of either quotas or tariff-rate quotas, it is essential that our Government bear in mind the important relationship between quantity limitations and the duty rates associated with them. The very use of such devices assumes employment of a duty rate below that which would be used if there were no quota. Consequently, quotas or tariff-rate quotas give less relief to pressure on price structure than imports at a higher duty rate entered without limits on quantity. Furthermore, in the case of a tariff-rate quota, it is essential that the temporary higher rate be adequate to restrain the volume of imports to the desired level. For example, in the present

tariff-rate quota on wool cloth, the 25% basic rate permits imports into the American market at prices even below the cost of production in American mills of high efficiency; the temporary 45% rate has evidenced no ability to stem the steady and rapid rate of growth of imports. May we emphasize that quotas and tariff-rate quotas can only be as good as the rates, volumes and details of application incorporated within them.

SIMILAR FABRIC CATEGORIES UNDER THE TARIFF-RATE QUOTA

Let me move on now to recommendations which we have repeatedly made to improve operation of the Geneva Reservation tariff-rate quota. From the very outset of the 1947 GATT concessions we have advocated that the 5% tariff-rate quota operate on the basis of cloth categories. It is unrealistic to permit a quantity of imports, uncontrolled in their potential concentration, to be calculated on over-all American production of a wide variety of goods ranging from gossamer weight fabrics to heavy overcoatings. It is equally unrealistic to bestow benefits to low-priced imported goods on the basis of American production of medium or high-priced goods and vice versa.

As to our awareness of the Government's position that the terms of the Geneva Reservation preclude categories, there can be no argument. But that is not equivalent to saying we have been in accord with that interpretation. What is more important, we believe that this position, from which we hold that Government itself deviated in the special treatment for handwoven, religious and high-priced fabrics, is one of the basic reasons that the Geneva Reservation has failed to give its full potential of protection and has led to many of the complaints about it from both foreign and domestic sources. Let it be clear, we are not saying the special treatment for hand-woven, religious and high-priced fabrics is the cause of serious injury. We are saying it is questionable logic and equity when exceptions to a bargain can go only in one direction, and all these cases were in favor of the foreign exporter or our import interests.

It is worth noting in passing that the special treatment for high-priced fabrics has exploded the myth, so long advanced, that imports from any and all sources are extra special fabrics. It appears the 350,000 pound allocation for high-priced goods will not be taken up, even though this amounts to less than 1% of our estimated total imports for 1959.

For further details of our position on categories, we refer you to our statement before this Committee in December of 1957. In this 1957 statement under the heading, "Recommendations on Tariff-Rate Quota," we also made other recommendations to improve its operation, and we again urge them upon you. They call for exclusion of the following classes of fabrics from the United States production base:

1. Blankets and blanketing.
2. Government goods.
3. 25-50% wool fabrics.

In addition to these points, in connection with exclusions from the domestic production base, there has been a new unforeseen development, the increase in imports of fabrics under Tariff Law Paragraph 1122, which applies to fabrics 17% or more of wool by weight, but not in chief value of wool. It is believed that a substantial amount of these goods entering under this paragraph are fabrics which are chiefly by weight of wool, reprocessed wool or reused wool, but not in chief value of wool. They do not count against the tariff-rate quota. So far no adjustment has been made for similar fabrics in the domestic production base in calculation of the tariff-rate quota, but such goods should be excluded. In equity this seems to be the only remedy available under the present arrangement. This matter is of primary importance because of the emergence of Italy as the largest supplier among the contracting parties. She has captured the lion's share of the import market here, not with the higher priced worsteds so evident a few years ago, but rather with extremely cheap woolen goods.

The explosive increase in imports of cheap Italian goods results from Italy's highly developed complex in her Prato area for the utilization (circa 60%) of fiber reclaimed from rags, clippings, wastes and other by-products of textile and apparel manufacture. The built-in and substantial fringe benefits normal to industrial wages in Italy have been avoided to a large extent in Prato by the simple expedient of greater utilization of "home industries." Berry & Cleyn, in their extraordinarily able and comprehensive documentation of the Italian textile industry in 1957, report:

> "There has also been a substantial change in the industrial structure since, by 1954, about 3,000 of the 5,700 looms had been scattered among home weavers and the president of the homeworkers association of Prato was claiming that 85 to 90% of the cloth was woven in home workshops. The number of fully integrated operations was declining."

When it is realized, as reported in this investigation, that the reworked fibers used in Prato goods are six times less in value per pound than new wool in Italy, it becomes obvious that fabrics of exceedingly high wool fiber content can be manufactured without being classified here as "wholly or in chief value of wool." Blending these cheap stocks of reprocessed and reused wool with relatively high-priced fibers, natural or synthetic, could result in fabrics containing as much as 90% wool by weight, but not in chief value of wool.

There has been considerable evidence that the requirements of our Wool Products Labeling Act are not understood abroad. In consequence, much of the goods made for export to this country, containing reprocessed or reused wool, are improperly labeled as to fiber content. It does not matter in the present discussion whether this mislabeling is wilful or otherwise. The fact remains there are no adequate means available to our Government to fully enforce the labeling law, particularly against imports, with the result that these foreign goods have an additional advantage over properly labeled similar American goods.

1960 TARIFF-RATE QUOTA SHOULD BE IMPROVED

We urge immediate adoption of the improvements we have proposed in implementation of the tariff-rate quota for 1960, pending the outcome of the investigations by the Tariff Commission and any renegotiation which may result from these hearings.

If Government persists in its denial of the category application, certainly there should be no further erosion favoring imports in the terms of the tariff-rate quota, but rather refinement in the make-up of the production base on which it is calculated.

Therefore, in the interests of all concerned, we strongly urge that the Government promptly announce its intention to implement the Geneva Reservation for 1960. Failure to do so will create a chaotic situation for all in our market.

SUBSIDIZED IMPORTS

Perhaps one of the most significant consequences of this hearing will be the recognition by others, and its effect upon our Government, of the problems created in the American market by subsidized exports to the United States. Subsidization of exports to the United States through multiple currency exchange rates, as in Uraguay, through link systems, as in Japan, or any other device or system bestowing bounties or grants on exports to the United States must be considered in pursuit of solutions to problems attributed to the Geneva Reservation.

We only wish the United States Government were as prompt as the United Kingdom in recognizing the adverse effect these subsidies, generally condemned in GATT, can have upon international trade.

Our Government's failure to act promptly on these schemes by countervailing the subsidy accruing from them has been an additional cause of grave concern to the American woolen and worsted industry. We believe that as a prerequisite to any future negotiations on wool product tariffs, our Government must take prompt action, or American representatives will be at a serious disadvantage in tariff negotiations.

Specific instances of subsidies have been called to the attention of our Government by this Association. Early in 1959, we called upon the Secretary of the Treasury to impose countervailing duties on subsidized Uruguayan exports of wool cloth and other wool manufactures to this country. In October this year, we requested the Secretary to investigate the system of foreign exchange control in Japan for the purchase of wool there and the bounty or grant bestowed through it on Japan's exports of wool manufactures to the United States.

CONCLUSION

The security and well-being of the people of the United States are primary objectives of our foreign trade policy. Involved in this action relating to wool cloth tariffs, in addition to the general welfare, are the wool growing industry, the product of which was declared by Congress "as a measure of nation security" to be "an essential and strategic commodity;" the wool textile industry, declared by the Administration to be essential to security; and directly related enterprises necessary to the proper and profitable functioning of these industries.

We believe both the base rate and the remedial duty rate in the present tariff-rate quota are below the peril point, as a consequence of the combined effect of these rates with our most-favored-nation policy. We further believe that negotiation of an alternate satisfactory to all domestic interests and the foreign governments concerned is beyond achievement through revision of the wool cloth duties alone.

This is so because any change in the present arrangements, to be satisfactory to the American wool textile industry, must afford far better protection than the existing perilous duty arrangement. There is no dearth of proposals as to how this necessary protection can be achieved. There is only question as to which of the proposals can be carried through to international agreement. Perhaps the most promising approach still might be a tariff-rate quota with increased rates of duty, realistic quantitative limitation and allocations taking into detailed account both the country of origin and the nature of the wool cloth imports.

If the overriding objective of foreign governments is year-round rates of duty, the only recourse left to our Government satisfactory to us would be the withdrawal of all concessions made under the Trade Agreements Act in the ad valorem rates of Paragraphs 1108 and 1109(a) of the Tariff Act, as suggested to you in December of 1957. Such action, combined with prompt and diligent exercise of the Government's obligation to countervail subsidies, we believe, would:

1. Yield relief from the heavy downward pressure of lower-priced imports on the price structure of the American industry and terminate imports into the American market at prices below the cost of production in American mills of high efficiency.

2. Halt and reverse the steady and rapid rate of growth of imports under the reduced duties negotiated in 1947 and in effect since January 1, 1948.

Thus, the overriding problem of the American wool textile industry would be advanced toward resolution. That problem, gentlemen, is survival.

- O -

EXHIBIT 1

WOOL IMPORT RESOLUTION

The Board of Directors of the American Cotton Manufacturers Institute views with concern the recent announcement of the State Department of its plan to renegotiate tariff concessions and the tariff quota on woolen and worsted fabrics.

Particular concern is expressed because of the lack of any statement on the part of the United States Government of an intention to correct the extensive damage to our domestic wool textile industry caused by tariff reductions and the consequent increases in imports from both Western European and Asian mills.

Since 1947 imports of woolen and worsted fabrics have increased by over 850%. During the same period hundreds of domestic mills have closed, over 100,000 jobs have been permanently lost, and American output has been reduced by almost 50%. Import concentrations in various types of wool textiles remain unchecked.

Failure of the United States Government to act promptly, vigorously, and unequivocally to correct the inequities which tend to destroy one branch of our industry, threatens the whole industry and must be condemned by all.

To the woolen and worsted manufacturers of the United States and their trade organizations, the American Cotton Manufacturers Institute offers its full cooperation and assistance in the struggle to correct those Governmental actions and policies which have caused so much damage to our nation's textile industries.

ACMI Board of Directors
Hot Springs, Virginia
October 30, 1959

EXHIBIT 2

National Association of Wool Manufacturers

PRESIDENT
EDWIN WILKINSON

VICE-PRESIDENTS
WILLIAM I. KENT
JOHN H. McCOWAN
T. B. NILSEN
AMES STEVENS
J. H. STURGBERG

SECRETARY AND TREASURER
GLEN F. BROWN

183 ESSEX STREET
BOSTON 11, MASS.

386 FOURTH AVENUE
NEW YORK 16, N.Y.

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P
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New York 16
November 11, 1959

Mr. John A. Birch, Chairman
Interdepartmental Committee on Trade Agreements
Department of State
Washington 25, D. C.

Dear Mr. Birch:

On behalf of this Association and the Wool Council of the Northern Textile Association, 80 Federal Street, Boston 10, Massachusetts, we hereby request postponement of the Committee for Reciprocity Information hearing scheduled for December 1, 1959, on renegotiation of the wool cloth tariff concessions until the Tariff Commission has determined whether present duties are below the peril point.

We believe that the Government desires through the C.R.I. hearing to benefit from the advice of the domestic industry in formulating the United States position in the proposed negotiations. However, we find that the intelligent formulation of such advice requires knowledge of the position of our Government as to the adequacy of the present duty arrangements and as to the limits of the President's negotiating authority requested in my letter to you of October 26, 1959. This conclusion has not been hurriedly reached. First the problem of formulating an industry position for the C.R.I. hearing was considered by a special committee of this Association. Our Executive Committee at its meeting on November 10, with benefit of the considerations of the special committee, gave long and searching study to the problem. Then it was considered at a joint meeting of representatives of this Association and the Wool Council of the Northern Textile Association. All this led to the decision to request postponement of the C.R.I. hearing.

COPY

Mr. John A. Birch November 11, 1959
Page 2

State Department officials emphasized to the press on October 23 that the Government cannot develop a position for the negotiations until after the peril point findings have been made. Similarly we find it extremely difficult to formulate meaningful advice for the C.R.I. hearing until the Government's delineation of the area of negotiation is apparent. It is our firm conviction that it would be in the best interests of all concerned, including our Government, if the C.R.I. hearing were postponed until the Tariff Commission has resolved its legal responsibility.

On behalf of the woolen and worsted industry represented by this Association and the Wool Council of the Northern Textile Association we urge your favorable consideration.

Respectfully,

/s/ Edwin Wilkinson

Edwin Wilkinson

/ds

EXHIBIT 3

July 30, 1958

MEMORANDUM TO SECRETARY WEEKS

LIMITATIONS ON IMPORTS OF JAPANESE WOOL TEXTILES

One central fact emerged from our exploration of alternates for the application of wool cloth duties that followed our visit to your office on June 25th. The problems arising from the rapidly growing competition from Japan introduced so many complications to the consideration of alternates that it will be necessary initially to deal with them.

The wool textile industry is unified in its belief that the most practical and realistic approach to the problem of Japanese imports of wool textiles and apparel is by way of quantity limitations.

The arrangement for such limitation would need to contain the following items:

1. The principle should be to effect orderly marketing of a limited total quantity of Japanese wool goods in the United States in a manner which will avoid excessive concentrations on any particular item.

2. The arrangement should be of five years duration. The over-all annual limitation should be subject to change only in the event there are substantial variations in the U.S. production.

3. There should be limitations equal to the average quantity of imports from Japan for the three years 1955 through 1957.

4. The arrangement should cover all woolen and worsted manufactures of Japanese origin set forth in the attached schedule. It is essential that imports be distributed equitably among different types and categories of fabrics by weight, and of apparel and other wool goods.

5. The Japanese Government and the United States Government should cooperate so as to prevent the trans-shipment to the United States through third countries of any wool goods of Japanese origin in excess of the quota.

6. Japanese imports will, of course, be included in the existing tariff rate quota.

7. Detailed information as to current Japanese exports to the United States and imports from Japan should be available to the United States wool textile industry, and the United States should take responsibility for keeping the United States industry informed as to developments. The advice of the domestic industry should also be obtained.

8. With respect to any item on which a specific quantity limitation is not established, the Governments of Japan and the United States will consult whenever it appears that there is developing an excessive concentration of Japanese exports in a particular category or subcategory.

EXHIBIT G

SUPPLEMENTAL STATEMENT

FOR PERIL POINT INVESTIGATION ON IMPORT DUTIES
ON WOVEN WOOL CLOTHS

TO THE

UNITED STATES TARIFF COMMISSION

AND

ON PROPOSED RENEGOTIATION OF IMPORT DUTIES
ON WOVEN WOOL CLOTHS

TO THE

UNITED STATES COMMITTEE FOR RECIPROCITY INFORMATION

January 7, 1960

Submitted by

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS
183 Essex Street
Boston 11, Mass.

386 Fourth Avenue
New York 16, N.Y.

This supplemental statement has a three-fold purpose. First, it adds new compelling evidence to our contention that the Geneva Reservation tariff-rate quota is inadequate to halt the imperiling surge of wool cloth imports and that even the remedial 45% duty rate, as well as the 25% rate, is below the peril point. Second, it exposes erroneous premises on which foreign and import interests based some of their claims that cloth imports have not, do not and will not injure American woolen and worsted mills and puts other claims to the test of commercial reality. Third, it presents information regarding the amount of labor in the cost of manufacturing woolen and worsted fabrics here, a subject in which the Tariff Commission showed an interest.

The striking, sharp upward surge of cloth imports in October abruptly interrupted the falling trend of imports since the duty rose to 45% in May. Data for October and November, not available at your December hearings, provide new compelling evidence that present duties are below the peril point. Imports in October soared 138% over the September total to 3,260,000 square yards. This represents an increase of 194% over October of 1958 and 270% over October of 1957. The temporary remedial 45% duty applied under the tariff-rate quota was in effect in October in each of these years.

This fourth quarter spurt strongly buttresses our statements to you in December that the tariff-rate quota is inadequate to stem damaging imports and that the amount of cloths entered each year at the temporary higher rates, mainly 45%, has grown steadily and rapidly. The imports in 1959 at the higher 45% rate quadrupled the total imports during 1947 when the duty concessions were negotiated and approached two-thirds of the 1959 entries at the 25% duty. This experience at the very least raises even more serious question whether the higher 45% duty--if it were in effect on a year-round basis--would stem the steady and rapid rate of growth of imports. This fourth quarter import spurt is doubly significant in view of the fact that the duty reverted to 25% at the year end. Even in November, a month away from the lower duty, imports totaled 1,800,000 square yards.

Data now available on imports for the first 11 months of 1959 fixes the entry of cloths wholly or in chief value of wool at 45,400,000 square yards, indicating the total for 12 months at least will approximate 46,000,000 square yards, an all-time record high. This is an increase of 34% over 1958 and 32% over the previous post-war high achieved in 1956.

CLAIMS OF FOREIGN, IMPORT INTERESTS REFUTED

During your hearing, foreign and import interests significantly made no claims about inefficiency of American woolen and worsted mills but rather insisted that allowance must be made for inefficiency in the mills abroad in offsetting the wage gap between American and foreign mills. They did claim, however, that wool fabric imports have not, do not and will not damage American woolen and worsted mills because:

1. American woolen and worsted mills are now primarily engaged in the manufacture of blended apparel fabrics and wool no longer is the principal fiber processed in American mills.
2. American woolen and worsted mills are "universal mills" that can shift their operations to cotton, man-made or blended fabrics.
3. American mills have neither the talent nor the taste nor the desire to make fine fabrics.
4. A 20% ad valorem rate of duty is more than sufficient to compensate for the lower wage scales in effect in those countries which produce wool fabrics for export to the United States.

An examination of the premises on which these claims rest and testing of them to commercial reality will clarify and remove confusion in the record.

These first two claims seem to stem entirely from an observation that a few large American companies operating woolen and worsted mills also manufacture fabrics of cotton, man-made fibers and blends of various fibers. Disregarded, however, is the fact that these circumstances obtain at only a few of the hundreds of American companies and, even in these few cases, the cotton, man-made fiber and most blended fabrics are not manufactured by these companies in their woolen and worsted mills, but rather in other textile mills equipped with different machinery and organized for the manufacture of such goods. When these companies cannot find orders for cloths that can be manufactured economically in their woolen and worsted mills, these facilities and their employees stand idle just as would be the case with individual woolen or worsted mills.

There is no ground for the first claim that our mills are primarily engaged in manufacture of blended apparel fabrics and that wool is no longer their principal fiber. Reports received and tabulated by the U. S. Bureau of the Census on fibers consumed at mills in the United States for spinning on the woolen and worsted systems are appended in Table No. 3. It shows

that wool, including reprocessed and reused wool, accounted for 76% of the fibers consumed during the first ten months of 1959. Next in importance were man-made fibers, accounting for 21%. Over 6 of the 21% was consumption of acrylic tow which is known to go almost entirely into knitting yarn for sweaters rather than woven apparel cloths and it is believed additional large amounts of man-made fiber go into blankets rather than woven apparel cloths.

The very fact that large companies maintain different kinds of manufacturing facilities immediately suggests limitations on the universality of their woolen and worsted mills. Woolen and worsted mills cannot economically manufacture fabrics of cotton, nor of filament yarns of man-made fiber or silk, nor can they manufacture fabrics of man-made staples in the shorter lengths. They have proved their ability to process staples in the longer lengths, particularly in blends with wool. Nevertheless all woolen and worsted fabric mills, with few if any exceptions, are engaged primarily in the manufacture of all-wool fabrics, although there are few such mills exclusively manufacturing all-wool fabrics.

While American mills have led the world in development of fabrics made of wool and the new man-made fibers, woolen and worsted plants abroad also are stepping up production of such goods as new fibers become available to them. For example, in the United Kingdom in 1958, consumption of synthetic fiber tops in worsted spinning totaled nearly 16 million pounds and in woolen spinning the synthetic fiber total was 40 million pounds. In the first nine months of 1959, compared with the same 1958 period, the rate of synthetic fiber consumption by U.K. woolen and worsted mills was greater than the rate of increase in wool consumption.

Moreover, foreign woolen and worsted mills are exporting blends to the United States. Worsted wool-polyester fabrics from the United Kingdom are reported here though they probably are not in chief value of wool and thus do not enter under Tariff Paragraphs 1108 and 1109(a). Testimony in your record, Page 132, cited imports of an Italian woolen cloth made of wool and acrylic fiber.

In short, the woolen and worsted industries here and abroad always have produced fabrics of wool combined in one way or another with other fibers. Today this includes both natural and man-made fibers and there is every reason to believe these developments will continue. Production of wool blend fabrics here and abroad does not mean there are no woolen and worsted mills and no woolen and worsted industry.

The claim that American mills have neither the talent nor the taste nor the desire to make fine fabrics is an old chestnut. As we told the Committee for Reciprocity Information on December 11, 1957, "We are

weary of the snide inuendoes that we, in the United States, have neither the talent, taste, nor desire to manufacture fine fabrics. As we have said many times, on equal terms we will match our skills with all comers." An excerpt dealing with the "Myth of Superiority" in our statement to the C.R.I. is attached as Exhibit A.

The claim that a 20% ad valorem duty would prove adequate to prevent serious injury to the American industry flies in the face of commercial reality. Under existing higher duties we have witnessed a tenfold increase in imports since 1947; it is now evident that the Geneva Reservation has failed to slow the rapid growth of imports from Italy, Japan and Uruguay and even some kinds of cloth from the United Kingdom; and that imports at the 45% duty have grown steadily and rapidly since invocation of the Reservation in 1956, and include cloths from all supplying countries, in all value brackets, and in all weight classifications.

A more restrained claim that the 25% ad valorem duty on cloth is more than adequate protection to the American industry against lower wages paid in the United Kingdom was made on November 13, 1958 by Bernard B. Smith for the American Association for British Woollens, Inc., in the Senate investigation of the problems of the domestic textile industry. An excerpt from comments of this Association refuting this claim is appended as Exhibit B. Among other things you will find we said, "Nowhere does he catalog the host of assumptions on which his allegation rests....Mr. Smith would have you believe automatic looms, high speed machinery and the American system of spinning are things unknown in Britain. This just isn't so....The fact is that competition is not on the average but on specific products by specific mills...."

AMOUNT OF LABOR

During the testimony of several industry witnesses presented by this Association, the Commission evidenced an interest in the relationship of wages paid to the value added by manufacture in their woolen and worsted mills or to selling prices or cost of production. A considerable body of statistical information on an industry basis that may be pertinent is available in the data tabulated by the U. S. Bureau of the Census in its Census of Manufactures and Annual Surveys of Manufactures.

We are attaching two tables of data compiled from these sources. These data in the form of industry totals and their relationships may be helpful if the intended use of the information warrants utilization of industry averages. Wide variations among individual mills depend not alone on differences in efficiency of operations or wage levels but rather on

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differences in styling and designing costs and in limitations on manufacturing runs imposed by the requirements of different markets served and on differences such as raw materials employed, size of yarns spun, thread count and weight of cloths woven, the amount and nature of coloring, and the finishes applied to the cloths woven. Both tables were compiled from data tabulated in the last two Census of Manufactures in 1947 and 1954 for which data now are available and from the Annual Surveys of Manufactures 1955 through 1957. Data on salaries and wages in both tables omit salaries and wages paid employees at sales offices and executive offices maintained apart from manufacturing establishments.

Table No. 1 in its top section carries data showing that salaries and wages paid only to production and related workers during the period represented between 49% and 55% of the value added by manufacture in woolen and worsted mills in the United States. Adding salaries and wages paid to other employees at manufacturing establishments increases these ratios to 58% and 68% of the value added by manufacture. Since salaries and wages paid in sales and executive offices maintained apart from manufacturing establishments are excluded, these ratios need upward adjustment for them. Some idea of the extent of variations among the individual mills underlying the averages may be inferred from the further data available in the 1954 Census of Manufactures shown in the lower sections of the table.

Table No. 2 relates wages paid at woolen and worsted mills to the value of products shipped by woolen and worsted fabric mills. No adjustment of the wage data has been made for wages paid in the manufacture of knitting yarns shipped from yarn mills, but there is an offset in the omission of wages paid at sales and executive offices maintained apart from manufacturing establishments. It shows salaries and wages paid production and related workers during the period represented between 26% and 29% of the value of products shipped, while salaries and wages paid all employees represented 32% to 35%. May we emphasize that these results too are based on averages for the industry and are subject to the same variations as those in Table No. 1. Testing of these average ratios has revealed woolen and worsted mills operating in areas of the market in which the ratios of salaries and wages to value of products approach or run in excess of 40%.

SUMMARY

Claims by foreign and import interests that imported cloths, which we have shown are selling here at prices below cost of production in American mills of high efficiency, and the steady and rapid rate of growth of imports have not, do not and will not injure or even threaten injury to the American industry neither ring true on their face nor stand up to scrutiny. First we must reiterate our strong urging that, in the interest of all concerned, the Government promptly announce its intention to implement the Geneva Reservation for 1960, pending completion of the Tariff Commission peril point investigation and any renegotiation that may follow the administrative procedures required by law.

The import data available since the December hearings and the record of these hearings have added more compelling reasons for incorporating in the 1960 implementation the improvements we have recommended and which can be adopted within the terms of authority of the present Reservation. These call for exclusion from the U.S. production base of (1) blankets and blanketing; (2) Government goods; (3) 25 to 50% wool fabrics; and (4) fabrics wholly or chiefly by weight of wool that are similar to goods entered under Tariff Law Paragraph 1122 covering fabrics not in chief value of wool but of 17% or more wool by weight.

Implementation of the Geneva Reservation in 1956 stands as proof that the duty concessions made in 1947 were too great. We believe the hearing records and import data which have become available since demonstrate that all concessions on wool cloth duties made under the trade agreements program were unwarranted and unwise and should be withdrawn. We are more firmly convinced than ever that the Tariff Commission investigation must lead to the conclusion that both the 25% concession duty rate and the 45% remedial duty provided in the Reservation are below the peril point, requiring institution of an escape clause investigation by the Commission.

The Government cannot afford to look the other way to accommodate the plans of foreign nations for their economies, particularly when they involve subsidized exports to our markets. Our unfavorable international balance of payments and the drain on our gold reserves are clear warnings. The Treasury Department has just advised us it "carefully analyzed the effect of the Japanese link system upon the exports of wool textiles to the United States, and has concluded that it does not constitute a bounty or grant within the meaning of the countervailing duty statute." This finding is a new source of discouragement.

If these proceedings permit our Government, for reasons of international relations beyond our appreciation, to go forward with renegotiation of the wool cloth duties, it clearly should seek arrangements more realistic and

effective than the present Geneva Reservation. Required are: (1) a duty rate adequate to offset Oriental competition; or (2) a tariff-rate quota with higher base and remedial duties, allocated by countries and which takes into account similar fabrics by categories such as weight and value; or (3) quantitative limitations with higher duties, also by countries and categories. This Association has been advocating categories in the present Geneva Reservation since 1947.

If Government fails or refuses to achieve improvement of the present duty arrangements on woven wool cloths, it must face up to the fact that it is serving notice of expendability not only to an industry it holds essential to national welfare and defense and its thousands of employees but also to the entire textile industry and its hundreds of thousands of employees.

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TABLE No. 1

Relation of Wages Paid to Value Added by Manufacture at Woolen and Worsted Mills in the United States

Dollar figures in millions

Year, etc.	Value added by mfr.	Salaries & Wages paid: All employees	Salaries & Wages paid: Production workers	Wages to Value added: All employees	Wages to Value added: Production workers
At all Woolen and Worsted Mills					
1947	$786	$455	$394	58%	50%
1954	453	306	250	68	55
1955	521	326	265	63	51
1956	572	347	281	61	49
1957	512	316	250	62	49
Some Detail for 1954					
All Mills	$453	$306	$250	68%	55%
Scouring & Combing Mills	35	24	20	69	57
Yarn Mills (exc. carpet)	79	52	44	66	56
Finishing Mills	23	16	11	70	48
Fabric Mills	316	214	175	68	55
Some further selected Detail for 1954 at Fabric Mills					
Fabric Mills	$316	$214	$175	68%	55%
Maine	20	16	13	80	65
Mass.	67	47	39	70	58
R.I.	15	11	9	73	60
N.J.	23	20	16	87	70
Penn.	17	12	9	71	53
N.C.	22	16	13	73	59

Source: U.S. Bureau of the Census
1947-54 Census of Mfrs.
1955-57 Annual Survey of Mfrs.

TABLE No. 2

Relation of Value of Products Shipped by Woolen and Worsted Fabric Mills to Wages paid at all Woolen and Worsted Mills in the United States
Dollar figures in millions

Year	Value Products shipped	Salaries & Wages paid*: All employees	Production workers	Wages to Value Products: All employees	Production workers
1947	$1,255	$455	$394	34%	29%
1954	890	306	251	34	28
1955	1,014	326	266	32	26
1956	1,013	348	282	34	28
1957	897	318	252	35	28

*Salaries and wages paid in Fabric Mills, Yarn Mills (exc. carpet), Combing Mills, Scouring Mills and Finishing Mills.

Source: U.S. Bureau of the Census
1947-1959 Census of Mfrs.
1955-1957 Annual Survey of Mfrs.

TABLE No. 3

Fibers Consumed at Mills in the United States for Spinning on the Woolen and Worsted Systems during first 10 months of 1959

in millions of pounds

FIBER	A**	B**	C**	TOTAL	
Wool*	230	124	-	354	76%
Man-made Fiber					
Rayon-Acetate	35	5	2	42	9
Other	24	3	29	56	12
Cotton	6	-	-	6)	3
All Other	4	4	-	8)	
Total	299	136	31	466	100%

*Including specialty fibers and reprocessed and reused wool.

**A - For spinning on the woolen system into other than carpet and rug yarns.

B - For preparation on worsted combs for worsted spinning.

C - Man-made tow converted without combing for worsted spinning.

EXHIBIT A

EXCERPT FROM NAWM STATEMENT ON GENEVA RESERVATION TO COMMITTEE FOR RECIPROCITY INFORMATION ON DECEMBER 11, 1957

THE MYTH OF SUPERIORITY

QUITE FRANKLY, WE ARE WEARY OF THE SNIDE INNUENDOES THAT WE, IN THE UNITED STATES, HAVE NEITHER THE TALENT, TASTE NOR DESIRE TO MANUFACTURE FINE FABRICS. AS WE HAVE SAID MANY TIMES, ON EQUAL TERMS WE WILL MATCH OUR SKILLS WITH ALL COMERS.

IF IMPORTS HAVE AN EDGE IN CERTAIN U.S. FINE GOODS MARKETS, IT MAY BE LARGELY ATTRIBUTED TO THE DISPROPORTIONATE EDGE THE FOREIGN PRODUCER ENJOYS IN THE COST OF THE LABOR THAT GOES INTO THE MAKING OF FINE GOODS. THE REMOVAL OF THE GRADUATED AD VALOREM DUTY ON WOVEN FABRICS IN AN EARLY TRADE AGREEMENT WITH GREAT BRITAIN WAS A DISTINCT DISSERVICE TO AMERICAN PRODUCERS OF FINE FABRICS BECAUSE IT IS IN THESE GOODS THAT THE ELEMENT OF LABOR ASSUMES GREATEST IMPORTANCE. ITALY AND JAPAN ARE MAKING SUBSTANTIAL INROADS ON THE U.S. MARKET FORMERLY HELD BY THE BRITISH. WOULD THE BRITISH ATTRIBUTE THIS TO SUPERIOR TASTE OR TALENT? WE DOUBT IT. WE THINK IT PRIMARILY ATTRIBUTABLE TO THIS DIFFERENTIAL IN LABOR COSTS. WE DO NOT DENY THE EXCELLENT STYLING OR THE ABILITY TO MAKE FINE GOODS ABROAD; BUT THIS, OF ITSELF, IS A HEALTHY THING. NOR DO WE WISH TO INFER THAT WE HAVE EXCLUSIVE DOMAIN IN "KNOW-HOW" OR RESOURCES. BUT JUST AS WE DO NOT CLAIM OVER-ALL SUPERIORITY WE WILL NOT ADMIT TO INFERIORITY. ON THIS LET AN ENGLISHMAN SPEAK. I QUOTE:

> "WE IN BRITAIN HAVE THE IDEA THAT AMERICA CAN PRODUCE ROUGH AND READY CLOTHS IN BULK AND THAT WE AT HOME ARE SUPERIOR IN PRODUCING THE FINEST FABRICS THE TRADE DEMANDS. I WAS, THEREFORE, SOMEWHAT SURPRISED AT PASSAIC TO FIND A FIRM EMPLOYING SOME 5,000 WORK-PEOPLE AND PRODUCING FINER, BETTER FINISHED DRESS FABRICS THAN BRADFORD HAS YET PRODUCED. AND BEFORE I LEFT NEW YORK I WAS SHEWN WORSTED FABRICS WHICH IT WAS IMPOSSIBLE TO EXCEED IN BEAUTY OF TEXTURE AND COLOUR. GENERALLY SPEAKING, AMERICAN FACTORIES ARE ENGAGED IN TURNING OUT GOOD AVERAGE CLOTHS IN BULK; BUT AMERICA DOES ALREADY PRODUCE THE FINEST POSSIBLE WOOLLEN AND WORSTED FABRICS FOR MEN AND WOMEN'S WEAR AND SHE CAN PRODUCE THESE IN BULK WHENEVER SHE SO DESIRES."

THAT WAS IN 1919. THE ENGLISHMAN SPEAKING WAS ALFRED F. BARKER, M.SC., PROFESSOR OF TEXTILE INDUSTRIES, UNIVERSITY OF LEEDS. (A SUMMER TOUR THROUGH THE TEXTILE DISTRICTS OF CANADA AND THE UNITED STATES).

BUT THAT WAS BEFORE THE TIME OF THIS COMMITTEE - ALMOST 40 YEARS AGO. LET US UP-DATE THIS A BIT WITH TESTIMONY TO THIS COMMITTEE BY THE NATIONAL COUNCIL OF AMERICAN IMPORTERS IN THE LATE THIRTIES:

"It is not claimed that imported cloths cannot be reproduced here, because, to the contrary, several of our mills make just as fine cloths; but on the whole the American industry is geared to mass production to meet competitive price levels."

So much for talent - now what about taste? We think the importers themselves have answered this.

"In order to keep our principals, with whom we deal on a sterling basis, fully advised of the trends and requirements, it is necessary for us to make periodic trips to England and Scotland." (29)

"Due to the particular requirements of the American market with respect to color, style, and diversification, it is necessary that all fabricating and styling of the products we sell originate here, and in order that the mills may properly execute the style requirements, it is necessary that at least two trips per year be made to England and Scotland by the principal of the business, who spends approximately one-third of his time at the mills abroad." (32)

"Our operation consists of the styling of the lines for the mills we represent and in order to do so, it is necessary for members of our personnel to make periodic trips to Britain each season." (33)

"Our representative visits the mills in the U.K. and works with the mill designer to create patterns and colors to be confined to us." (42)

All the foregoing quotes are lifted from the Supplement to the Statement submitted on behalf of the American Trade Association for British Woollens, Inc. The number in brackets indicates the page.

Thus we see that in large measure the styling of imports must be geared to American taste to be marketable in America and the evidence above indicates this is best done by Americans.

There is one theme running through the letters in the appendix to this Brief for British Woollens we would not attempt to deny - the desirability of variety in fabrics offered the public. Obviously the greater number of sources the greater will be the variety of the offerings to the public. We submit, however, this end is not advanced by policies which create an environment unfavorable to the continuation of manufacturing operations in the United States and contribute to the closing of so many American mills. Further, I would restate our clear

POSITION THAT WE ARE NOT ASKING THAT IMPORTS BE SHUT OFF BUT ONLY THAT THE COMPETITION WE MEET IN OUR HOME MARKET FROM GOODS OF FOREIGN ORIGIN BE EQUALIZED BY PROPER TARIFFS. AS GOVERNOR ADAMS SAID: "...IT IS PROPER THAT THE GOVERNMENT TAKE A HAND IN MAINTAINING THE EQUITY."

WE HAVE THE TALENT, TASTE AND DESIRE TO MANUFACTURE WOOLEN AND WORSTED GOODS OF ALL QUALITIES, INCLUDING THE FINEST; AND THERE ARE FIRMS WILLING TO MAKE SMALL QUANTITIES. FOR EXAMPLE, BARNES WORSTED INC., IN A LETTER OF DECEMBER 7TH TO YOUR COMMITTEE, SAID:

> "OUR COMPANY, AND IT IS A SMALL BUSINESS CONCERN, HAS MADE AND IS STILL MAKING FINE MENSWEAR WORSTED COMPARABLE IN GRADE, CONSTRUCTION, FINISH AND STYLING WITH IMPORTS FROM BRITAIN AND OTHER COUNTRIES. AND IT IS NORMAL PROCEDURE FOR US TO TAKE CARE OF CUSTOMERS FOR WHATEVER THEIR NEEDS MAY BE ON ANY STYLE WHETHER IT IS 50 YARDS OR 5,000 YARDS."

WE DRAW UPON WOOL FROM ALL CORNERS OF THE EARTH, WE CONDITION OUR PLANTS AND THE WATER USED IN THEM WHERE NECESSARY AND CONSIDER IT A PROPER COMPETITIVE FUNCTION TO MEET CHALLENGES, WITHIN OUR POWER TO DO SO, FROM ANY SOURCE. HOWEVER, IT MUST BE OBVIOUS THAT THE EXISTING WAGE GAP CAN ONLY BE REALISTICALLY DEALT WITH BY OUR GOVERNMENT.

EXHIBIT B

EXCERPT FROM DECEMBER 16, 1958 NAWM COMMENTS ON STATEMENT OF BERNARD B. SMITH FOR AMERICAN TRADE ASSOCIATION FOR BRITISH WOOLLENS, INC., TO SPECIAL SENATE INTERSTATE AND FOREIGN COMMERCE SUBCOMMITTEE. (HEARING RECORD, PART 4, PAGE 1709)

FINALLY, MR. SMITH ALLEGES THAT THE UNITED STATES' 25 PERCENT AD VALOREM DUTY ON CLOTH IS MORE THAN ADEQUATE PROTECTION TO THE AMERICAN WOOLEN INDUSTRY AGAINST LOWER WAGES PAID IN THE UNITED KINGDOM, BUT NOWHERE DOES HE CATALOG THE HOST OF ASSUMPTIONS ON WHICH HIS ALLEGATION RESTS. HE CITES AND UTILIZES FIGURES ON AVERAGE MAN-HOURS PER SQUARE YARD CALCULATED FROM CERTAIN BASIC DATA, BUT NOWHERE DOES HE FIRST DEMONSTRATE THAT THESE BASIC DATA WARRANT THE CALCULATIONS MADE ON THEIR COMPARISON. THE MANY AND KNOTTY PROBLEMS INVOLVED HERE ARE ALL TOO WELL KNOWN TO ANYONE FAMILIAR AT ALL WITH THESE BASIC DATA.

RATIONALIZING HIS RESULTS, MR. SMITH SAYS "THE REASONS FOR THIS DIFFERENTIAL (IN AVERAGE MAN-HOURS PER SQUARE YARD) *** ARE ALL TOO WELL KNOWN, NAMELY, THE PREPONDERANCE OF AUTOMATIC LOOMS IN THE UNITED STATES, THE USE OF HIGH-SPEED MACHINERY, AND THE INTRODUCTION OF THE AMERICAN SYSTEM OF SPINNING". MR. SMITH WOULD HAVE YOU BELIEVE AUTOMATIC LOOMS, HIGH-SPEED MACHINERY, AND THE AMERICAN SYSTEM OF SPINNING ARE THINGS UNKNOWN IN BRITAIN. THIS JUST ISN'T SO. MONTHLY BULLETIN OF STATISTICS NO. 106 OF THE BRITISH WOOL TEXTILE DELEGATION, ISSUED IN OCTOBER 1958, SHOWS NEARLY 12,000 AUTOMATIC WOOLEN AND WORSTED LOOMS IN UNITED KINGDOM PLANTS. IN THIS SAME MONTH AT THE INTERNATIONAL TEXTILE MACHINERY EXPOSITION IN MANCHESTER, ENGLAND, DAILY NEWS RECORD REPORTED THE KEYNOTES OF WORSTED MACHINERY DEVELOPMENTS ARE AN INCREASE IN MACHINE SPEEDS, A MORE UNIFORM PRODUCT, MORE FLEXIBLE DRAFTING SYSTEMS, AND A REDUCTION OF OPERATIONS FOR CONVERTING TOPS TO YARN. AN OUTSTANDING EXHIBIT OF A BRITISH MACHINERY BUILDER, PRINCE, SMITH & STELLS, LTD., COMBINED THE RAPIER AUTOLEVELER AND AMBLER SUPERDRAFT SPINNING INTO A SYSTEM WHICH REDUCES THE NUMBER OF OPERATIONS BY USING ONLY THREE DRAWINGS. EARLIER IN THE YEAR DAILY NEWS RECORD REPORTED THAT THE BRITISH WOOL TEXTILE RESEARCH COUNCIL HAD DEVELOPED A WOOLEN SPINNING FRAME THAT "PROMISES TO SPEED UP WOOLEN SPINNING IN A MANNER COMPARABLE WITH RECENT IMPORTANT ADVANCES IN WORSTED SPINNING ACHIEVED BY THE BRITISH SUPERDRAFT PROCESS."

NOR DO THE AVERAGE RESULTS CITED BY MR. SMITH VERY WELL RATIONALIZE WITH THE 1947 REPORT OF THE BRITISH WOOL WORKING PARTY IN ITS SECTION ON PRODUCTION EFFICIENCY IN THE UNITED STATES AND THE UNITED KINGDOM, WHICH THIS ASSOCIATION CITED TO THE COMMITTEE FOR RECIPROCITY INFORMATION ON MAY 17, 1950. ON PAGE 67 THE WORKING PARTY REPORT SAID IN PART: "*** TESTS, TAKING FULL ACCOUNT OF THE QUALITY OF THE GOODS PRODUCED, THE

SKILL WITH WHICH RAW MATERIAL WAS SELECTED AND USED, AND SO ON, MIGHT CONCEIVABLY SHOW A BALANCE IN FAVOR OF BRITAIN."

FURTHERMORE, THE FACT IS THAT COMPETITION IS NOT ON THE AVERAGE BUT ON SPECIFIC PRODUCTS BY SPECIFIC MILLS, AS THE WORKING PARTY REPORT RECOGNIZES. ALSO QUOTED IN THE ASSOCIATION STATEMENT OF MAY 17, 1950, AND STILL PERTINENT, WERE THESE EXCERPTS FROM AN ARTICLE, "MODERNIZING BRITAIN'S TEXTILE INDUSTRY," BY THE TECHNICAL EDITOR OF THE TEXTILE RECORDER OF MANCHESTER AND LONDON:

> "IT HAS BECOME THE FASHION OF RECENT YEARS TO BELITTLE THE BRITISH TEXTILE INDUSTRY AND TO ELABORATE ON A THEME WHICH STRESSES ITS LOW EFFICIENCY WHEN COMPARED WITH THE TEXTILE INDUSTRIES OF COMPETITOR COUNTRIES. *** WHILST IT WOULD BE FUTILE TO DENY THAT IN THE PAST 20 YEARS THE BRITISH TEXTILE INDUSTRY HAS NOT KEPT PACE WITH MODERN DEVELOPMENTS AND REQUIREMENTS, IT HAS NOT DECLINED TO THE EXTENT WHICH SOME OF ITS CRITICS WOULD HAVE US BELIEVE, AND IN THE LAST YEAR OR SO MUCH IMPROVEMENT HAS BEEN EFFECTED. HOW MUCH I WAS TO DISCOVER DURING A TOUR *** AND, EVEN THOUGH I WAS WELL AWARE THAT MANY FIRMS HAD CARRIED OUT EXTENSIVE MODERNIZATION AND REEQUIPMENT SCHEMES, I MUST ADMIT I DID NOT FULLY APPRECIATE THE SCALE ON WHICH THIS HAD BEEN, AND WAS BEING, DONE."

IF MR. SMITH'S PRODUCTIVITY FIGURES WERE EVEN SUBSTANTIALLY CORRECT IT WOULD BE DIFFICULT TO UNDERSTAND HOW THE BRITISH HAD BEEN ABLE TO SHIP GOODS HERE AT ALL. YET THEY STILL ARE THE CHIEF SUPPLIER OF IMPORTED WOOL FABRICS THOUGH, AS WE HAVE POINTED OUT, THEIR PROPORTION OF THE MARKET HAS DECLINED SHARPLY AS IMPORTS FROM JAPAN PARTICULARLY (WHICH MR. SMITH DISCOUNTS) AND FROM ITALY AND ELSEWHERE HAVE SOARED IN RECENT YEARS.

EXHIBIT H

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS

MURRAY HILL 3-7422 386 PARK AVENUE SOUTH, NEW YORK CITY 16 ROOM 1208

Statement on Yarns Wholly Or In Chief Value Of Angora Rabbit Hair Before the U.S. Tariff Commission, By Alfred W. Cavedon On Behalf of the National Association of Wool Manufacturers August 9, 1960

My name is Alfred W. Cavedon. I serve on the Board of Directors of the National Association of Wool Manufacturers as the representative of its woolen sales yarn members. I also am President of the Aldon Spinning Mills Corp., of Talcottville, Connecticut, a company manufacturing fine woolen and specialty yarns and employing about 200 people. More than 50% of Aldon's production is in Angora Rabbit Hair blends, and it is with these yarns that my testimony is concerned.

Existing Duties Below Peril Point

The National Association of Wool Manufacturers believes that existing United States duties under Tariff Law paragraph 1107 on yarns wholly or in part of Angora Rabbit Hair, including yarns wholly or in chief value thereof, are below the "Peril Point". These reduced duties have permitted and are permitting entry of such imported yarns into the United States in a volume and in circumstances that have seriously injured American woolen spinning mills, and that threaten even more serious injury. Our reasons for this belief may be summarized as follows:

1. These reduced duties have permitted a rapid expansion of imports of such yarns during the past few years.

2. The injury from yarn imports is compounded by increasing imports of sweaters, our customers' product.

3. Foreign Assets Control Regulations, by denying American mills access to Chinese Angora, place us at a raw material price disadvantage compared to foreign spinners.

4. The higher labor cost per unit of Angora blend yarns accentuates the wage gap between domestic and foreign mills.

5. Angora blend yarns are entering the United States under these reduced duties, and being offered on the American market at prices actually below the cost of production in American mills of high efficiency. They threaten to drive American mills entirely out of the market.

Before developing these reasons further, it will be helpful, I think, to review the nature of Angora Rabbit Hair yarns and the role this fiber plays in the modern American market.

New Markets For Angora Rabbit Hair

The woolen industry has employed Angora rabbit hair as a specialty fiber in blends with wool for more than a hundred years. "Years ago," it is noted in the American Wool Handbook (2nd Edition: 1948), "the stiff white hairs were merely used to give frosted effects on the surface of the fabrics, which can be done with 5 to 10 percent of Rabbit Hairs." Later, as methods were developed to control flying and static electricity in the carding and spinning, it became possible to use percentages of 50% or more of Angora in blends, and knitwear of the lofty, fluffy type was achieved. This effect, which is most commonly associated in the public mind with the name Angora, still has a place in the market, and I understand you will hear testimony today from a manufacturer of such yarns. Yarns of high Angora content, however, are necessarily more expensive yarns, and their manufacture accounts for a relatively small part of the Angora Rabbit Hair fiber used in woolen spinning today.

The greater part of the Angora Rabbit Hair used today goes into yarns of a new and quite different type, known as "fur yarns". In the struggle for survival amid the sharp contraction among woolen and worsted mills since 1947, American woolen spinners, with much work and at considerable expense, developed certain yarns largely by weight of the finest wools and containing about 20% of Angora Rabbit Hair, and nurtured a market for them in sweaters, particularly full-fashioned sweaters. The Angora Rabbit Hair used in these blends is a soft downy fiber with a minimum of guard hair. It imparts a softness of hand to a knitted product which in the best examples is not easy to distinguish from Cashmere. Sweaters made from these yarns are not luxury items; they frequently retail below $10.

The extent to which the market for these modern Angora blends has developed is readily apparent from the increased importation of the Angora Rabbit Hair fiber itself. If you will refer to Table 1 appended, you will note that there has been a steady increase in annual imports of this fiber, and that the 1959 figure exceeds the 1950 figure by almost 500%. The 642,000 pounds imported in 1959 indicates a production of modern Angora blend yarns in that year of not less than 2,500,000 pounds. The development of this market was an important factor in the survival of the 10 to 15 American woolen spinning mills supplying it, and its loss now would probably prove fatal for some of them.

What Are Yarns in Chief Value of Angora Rabbit Hair?

The basis for deciding whether or not the present reduced duty on yarns partly of Angora Rabbit Hair applies to a particular imported yarn is whether that yarn is "in chief value" of Angora Rabbit Hair. In the case of the modern blends where the Angora content by weight is relatively low - from 15% to 25% - this is an extremely difficult thing for the Customs Bureau to police. It may be noted in this connection that the price of Angora Rabbit Hair is not only high in relation to the wools with which it is blended, but also is far more volatile than even wool prices.

For instance in a popular 5-1/8 Run blend the price per pound at the present time for the required Angora Rabbit Hair is almost 5 times that for the wool. Most of the time during recent years, the per pound price of Angora Rabbit Hair has been between 3 and 5 times the price of wool.

Price fluctuations alone, however, are not the only problem confronting the Customs Bureau in determining whether a yarn is in fact in chief value of Angora Rabbit Hair. There are also many grades of wool and numerous qualities of Angora Rabbit Hair, all varying independently in price both here and abroad. Furthermore, I believe I am correct in saying that qualitative and quantitative laboratory analysis of the several types of Angora Rabbit Hair and other Rabbit Hair in a blend is impossible with any testing method developed to date.

Under these circumstances the Customs Bureau is forced to rely rather heavily on the honesty of the importer, and there is a strong temptation to enter the yarn under the Tariff provision resulting in the smallest duty. The importer has two choices. He may declare the yarns to be in chief value of Angora Rabbit Hair and pay a duty of 40¢ and 12-1/2% ad valorem. Or he may declare the yarns to be in chief value of wool and similar hair and pay a duty of 30¢ and 15% ad valorem. The simple arithmetic of this situation is illustrated in the first two columns of Table 2 appended. You will note that at $4.00 per pound the duty paid under either schedule is the same. As values ascend from $4.00 it becomes advantageous to use the 40¢ and 12-1/2% rate, and, conversely, as values descend from $4.00 it becomes advantageous to describe the yarn as in chief value of wool and pay the 30¢ and 15% rate. In effect, therefore, imports entered as yarn in chief value of Angora Rabbit Hair under present rates are in reality probably better described as yarns in part of Angora Rabbit Hair valued in excess of $4.00 per pound. Similarly, imports containing Angora Rabbit Hair entered at present rates as yarns in chief value of wool are in reality probably better described as yarns in part of Angora Rabbit Hair valued at $4.00 or less per pound.

Peril Point Determinations Must Consider Yarns Valued $4.00 or Less

These facts are of utmost importance in considering any proposal to reduce the 40¢ plus 12-1/2% duty rate which would widen the difference between it and the 30¢ plus 15% duty rate on wool yarns. The effect, for example, of reducing the duty from 40¢ plus 12-1/2% to 40¢ plus 10% is illustrated in column 3 of the same table. This would not only reduce the duty on yarns valued over $4.00 per pound, but would open the way to lesser duties on yarns in part of Angora Rabbit Hair valued between $2 and $4 per pound! And this range covers the very area in which the larger volume and growth has occurred in imports of yarns in part of Angora Rabbit Hair.

Growing Imports Now Threaten Market

Let me now return to developing our reasons for believing the existing reduced duties are below the peril point. Consider first of all the growth in imports these duties have permitted.

Table 3 appended is a tabulation of imports entered into U.S. as yarns wholly or in chief value of Angora Rabbit Hair in each of the last 10 years. These figures, however, do not tell the whole story. They do not include the bulk of the yarns containing from 15% to 25% of Angora Rabbit Hair which have been entered as yarns in chief value of wool with the advantage of the lower duty resulting from the use of this provision.

For example, Bureau of Census tabulations for the entire year 1959 on imports of yarns wholly or in chief value of Angora Rabbit Hair from Belgium total only 14,000 pounds. Now we know of one Belgian manufacturer alone who was producing last year at least that amount of Angora Rabbit Hair blend yarns every two weeks for export to the United States. Obviously this yarn has been entered at the 30¢ plus 15% duty as in chief value of wool, and evidence of it is reflected in the figures in table 4 appended on yarn imports from Belgium. We believe a substantial part of the imports from Belgium during 1958 and 1959 entered as in chief value of wool were yarns containing Angora Rabbit Hair, and that this accounts in large part for the abrupt jump in the average value of these imports. Were the duty to be further cut on yarn wholly or in chief value of Angora Rabbit Hair, opening the door to lower duties on yarns valued between $2 and $4 per pound, we suspect there would be a quick climb of imports from Belgium entered as in chief value of Angora Rabbit Hair.

Nor is this yet the complete story. Imports of yarns at prices which we shall show to be below American production costs is but one side of a squeeze play on the market. On the other side are growing imports of yarns in the form of sweaters coming in from Japan at prices below the cost of production of our customers, the knitters of sweaters, full-fashioned sweaters in particular. In our interest we urge you to weigh carefully the information American knitters will place before you at these hearings. The best estimates in the trade indicate that Japan will ship a minimum of 300,000 dozen woolen-type sweaters to the United States this year made from Angora blend yarns. At an average of 5 pounds of yarn per dozen, this represents 1,500,000 pounds of these yarns consumed in the American market but not produced by American spinners. We have the uncomfortable impression that the American wool spinning industry is caught between the upper millstone of Japanese imports, and the nether millstone of European yarn imports, and must inevitably be crushed unless you gentlemen do something to relieve the pressure.

FAC Regulation Handicaps American Mills

Two factors handicap American mills competing with foreign mills for the Angora blend yarn market. The first is the Treasury Department's Foreign Assets Control Regulations which deny American mills access to Chinese Angora, while at the same time permitting its entry into the United States in the form of yarn or other manufactures. The Angora Rabbit Hair grown in Communist China is the lowest priced of all fine Angora Rabbit Hair. It is available to the foreign spinner at anywhere from $2 to $4 per pound less than other comparable fiber. At a difference of $2 per pound, even in a yarn containing only 20% of Angora Rabbit Hair, the advantage to a foreign spinner amounts to 40¢ per pound on raw materials alone.

Wage Gap Accentuated

The second factor which handicaps the American spinner in competing with the foreign spinner for the Angora blend market is the inherently higher unit labor cost in Angora blend yarns. The addition of Angora Rabbit Hair to blends increases the amount of labor required to process the blend into yarn. Machine speeds must be sharply reduced. Greater care and more frequent inspection are necessary. Stops for cleaning are more frequent. Most of these yarns, moreover, are spun to rather fine sizes for the woolen system of spinning, which reduces output in pounds per man-hour. For instance, a popular yarn we made is 5-1/6 Run, which measures 8200 yards to the pound. We figure on this yarn that labor costs in American mills account for between 20 and 25 per cent of the total cost of production.

This higher labor requirement accentuates the higher price that must be paid for labor in the United States in comparison to that paid by spinners abroad. We understand hourly wages paid in American mills, including fringe benefits, are about 3-1/2 times the wages paid in Belgian mills including their fringe benefits. A duty of 12-1/2% will offset a 3.5 wage ratio only in a product with a labor content running 5% or less of total costs. It does not begin to offset the 20% labor content in the cost of making Angora blend yarns in this country.

Imports Below American Mills Cost of Production

Because of these disparities in raw material and labor costs, present duties on yarns in part of Angora Rabbit Hair are permitting imports into the United States at prices below the cost of production in American mills of high efficiency. A popular yarn for full-fashioned knitwear today is a 5-1/8 Run yarn containing 70% Lambs Wool, 20% Angora Rabbit Hair and 10% Nylon. This yarn is in chief value of Angora Rabbit Hair in this country. A prominent Belgian spinner has been offering this yarn delivered in the United States at $4.05 per pound. This selling price is about 19¢ a pound below the cost of production in American mills of high efficiency. Such a price gap makes selling by American mills in this market

difficult but not impossible. Recently, however, our customers advise that the yarn has been offered at $3.75 a pound or 49¢ below the cost of production in American mills. I understand you will hear similar testimony from others, including even wider differentials on yarns with higher contents of Angora Rabbit Hair.

There is a rather cynical expression current today to this effect: "If you can't lick 'em, join 'em!". Last year I visited the International Textile Exhibition at Milan, Italy. Italy is my father's country; I speak the language and have many friends there. Several of them discussed with me a proposal that I set up a sales yarn mill in that country.

I was frankly amazed at the inducements offered. The Italian government would supply free land for the mill site, and would make 50% of the investment required. Dividends could be paid the first year, and money withdrawn from the country after three years. Spindle taxes are not excessive and would be refunded when the product was exported. Above all there is a strong appeal to the American spinner, tired of continually losing business to foreign competition because of wage and raw material gaps beyond his control, to be able once again to compete for the American Market with the advantage our government accords to foreign spinners.

It seems to me that for the American woolen spinning industry the hour of decision is at hand. I cannot believe, however, that our own Government really wants this export of American job opportunities. Loss of the important market for yarns in part of Angora Rabbit Hair may well prove the straw that breaks the camel's back. We and our employees look to you for guidance on the answer.

Conclusion

We believe your investigation must lead to a finding that the existing reduced duty on yarns wholly or in chief value of Angora Rabbit Hair is below the peril point, and will require institution of an escape clause action by the Commission to develop remedies as provided by the Trade Agreements Act.

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TABLE 1. IMPORTS INTO THE UNITED STATES FOR CONSUMPTION OF ANGORA RABBIT HAIR

Year	Pounds (Clean Content)	Year	Pounds (Clean Content)
1950	142,000	1955	354,000
1951	72,000	1956	453,000
1952	161,000	1957	306,000
1953	196,000	1958	477,000
1954	216,000	1959	642,000

Source: U.S. Bureau of the Census

TABLE 2. DUTY ON IMPORTED YARN AT VARIOUS RATES

Value	30¢ + 15% (Chief Value of Wool)	40¢ + 12½% (Chief Value of Angora Rabbit Hair)	40¢ + 10% (Possible Reduction Under Trade Agreements Act)
$6.00	1.20	1.15	1.00
5.50	1.125	1.087	.95
5.00	1.05	1.025	.90
4.50	.975	.9625	.85
4.00	.90	.90	.80
3.50	.825	.8375	.75
3.00	.75	.775	.70
2.50	.675	.7125	.65
2.00	.60	.65	.60

TABLE 3. IMPORTS ENTERED INTO U.S. AS YARNS WHOLLY OR IN CHIEF VALUE OF ANGORA RABBIT HAIR

Year	Total Pounds	Year	Total Pounds
1950	46,000	1955	191,000
1951	43,000	1956	232,000
1952	121,000	1957	160,000
1953	256,000	1958	124,000
1954	162,000	1959	141,000

Source: U.S. Bureau of the Census

TABLE 4. YARN IMPORTS FROM BELGIUM

Year	Entered as Wholly or In Chief Value of Angora Rabbit Hair		Entered as Wholly or In Chief Value of Wool or Other Hair	
	Pounds	Av. Value	Pounds	Av. Value
1950	N	-	75,000	$2.08
1951	N	-	63,000	2.32
1952	1,000	-	194,000	2.37
1953	1,000	-	380,000	2.68
1954	N	-	305,000	2.77
1955	1,000	-	335,000	3.55
1956	7,000	$7.00	572,000	3.29
1957	14,000	7.21	468,000	3.18
1958	19,000	6.68	350,000	4.52
1959	14,000	6.00	991,000	4.26

Source: U.S. Bureau of the Census

EXHIBIT I

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS

MURRAY HILL 3-7422 386 PARK AVENUE SOUTH, NEW YORK CITY 16 ROOM 1208

Statement
of the
NATIONAL ASSOCIATION OF WOOL MANUFACTURERS
Regarding Import Duties on Certain Textile Products
At U.S. Committee for Reciprocity Information Hearing
Washington, D. C., Aug. 9, 1960

This statement is submitted on behalf of the National Association of Wool Manufacturers which I serve as president. A national trade organization with headquarters at 386 Park Avenue South, New York 16, N. Y., it represents mills producing about 70% of the textiles made on the woolen and worsted systems.

While we are appearing specifically to discuss products on the current bargaining list which are manufactured by woolen and worsted mills, we also are concerned on a broader basis. Last December at your hearing on the proposed renegotiation of wool cloth duties, we quoted from a resolution adopted Oct. 3, 1959, by the board of directors of the American Cotton Manufacturers Institute. This resolution, related directly to the wool cloth matter, succinctly made a point which is pertinent today:

> "Failure of the United States Government to act promptly, vigorously and unequivocally to correct the inequities which tend to destroy one branch of our industry, threatens the whole industry and must be condemned by all." (Emphasis added)

Wool Manufacturers Show Concern

Similar broad concern about the whole textile industry was expressed in a resolution adopted by members of this Association of wool manufacturers last May 5 a few weeks before the current bargaining list was issued. The resolution said in part:

"Whereas, existing customs duties of the United States on textiles of wool, cotton and man-made fibers are NOT unduly burdening and restricting the foreign trade of the United States but rather are permitting rapid growth in imports which are burdening and threatening the American textile industry, an industry ranked by the Department of Defense as 'second only to steel in terms of military essentiality'. . .

"Now therefore be it resolved by the National Association of Wool Manufacturers at its 95th annual meeting in New York City on May 5, 1960, that the Government place an immediate moratorium on further duty concessions on textiles and textile apparel."

We hope that our testimony and that of groups representing other segments of the textile industry and the textile apparel industry will lead you to recommend removal of all textile and textile apparel products from the bargaining list. Their removal, we believe, would be in the national interest. In view of the tense international situation, it is more than ever necessary that the Government move consistently to encourage the defense-essential textile industry--not discourage it by further cuty cuts.

One For All and All For One

In this old slogan, one for all and all for one, you will find summation of the overriding attitude of the textile and apparel product witnesses in relation to unfair import competition. I dare to say that if there are any exceptions the reason lies in the fact they have not yet been hit by such competition. But mark this--I venture they will be hit, barring change in our current policy, and they will then change their tune. We've seen it happen over and over.

It is true that there is intense competition among and between the various branches and segments of the textile and the apparel industries. It is a vigorous struggle to win a greater share of the consumer dollar against all comers within and without textile and clothing areas. This healthy, constructive competition, as fair and equal as we have devised ways and means to make it--barring from commerce the product of labor standards we declare intolerable--is good in the national interest. Not so the bulk of the competition we suffer from abroad. In the main, textile and apparel imports are competitive with domestic products for which we have more than sufficient capacity for peacetime needs. In the main, the unfair competitive advantage that these imports enjoy is that of price--low price--made possible chiefly by wages which, compared with ours, fall below even the prescribed minimum.

Against such competition the textile industry stands united, brushing aside our inter-fiber, inter-fabric and inter-product rivalry. These domestic rivalries are quite sufficient to assure, and have assured, maximum consumer benefit and the import competition of which I speak is not needed for that end.

Senate Report Recognized Import Problem

This unity of purpose and the universality of the textile import problem have been recognized by the Congress. One of the conclusions in the report of the Senate Committee on Interstate and Foreign Commerce, widely known as the Pastore report, was cited to you in December and is even more pertinent today:

"There is an even more compelling reason. . .why it is essential for the United States to maintain a certain amount of textile capacity and a textile labor force. Textile mill products have a high military priority. The Department of Defense has ranked the textile industry second only to steel in terms of military essentiality. It would be the height of folly in a world where we must realistically recognize the necessity for military preparedness--however much we hope for and work toward the elimination of war--to allow the domestic textile industry to contract to the point where it could not satisfy our basic civilian and military needs in the event of an all-out emergency."

Note if you will the comprehensive nature of this conclusion. There is no attempt, as indeed there should not be, to break it down into bits and pieces. It speaks solidly of "textile capacity," "textile labor force" and "textile mill products."

Included in the recommendation of the Pastore report is the following:

"Thus we recommend that in the administration of our foreign trade program. . .that an effort be made to avoid further losses to the domestic textile industry lest we reach the point where our national security would be endangered in the event of a future emergency."

I would inject an observation here in connection with the words "lest we reach the point where our national security would be endangered in the event of a future emergency."

We believe this point has been reached and this view finds confirmation in the opinions of many persons. Notable among these and uniquely qualified by industry and government experience is Robert T. Stevens, former Secretary of the Army and president of J. P. Stevens & Co., one of the largest and most comprehensive textile producers in the country. Mr. Stevens stated before the Senate Finance Committee in June of 1958:

> "The mortality rate among New England woolen and worsted mills has been nothing short of tragic. Almost half the industry has been liquidated since World War II. Having served the Army three times, once in World War I, once in World War II, and again as Secretary of the Army, I believe I have more than an average appreciation of what the combined textile industries of the United States have meant in doing the job for the arsenal of democracy in two World Wars and the Korean Conflict. It is unthinkable to me that any further segment of the industry should be considered expendable. I contend that what is left of the textile industry today is already below the minimum essential for the adequate defense and survival of the United States."

On another occasion, in October of last year, Mr. Stevens again voiced this view in these clear and specific words:

> "I contend that what is left of our wool textile industry today is below the minimum essential for the adequate defense and survival of the United States."

Then Mr. Stevens threw in his clincher which I in turn place before you:

> "Is it wise to move more of this remaining wool segment of the 'arsenal of democracy' overseas?"

Industry is Essential, OCDM Finds

The Pastore report also recommended "more realistic interpretation of the current peril point provision of the Trade Agreements Act."

In a supplemental statement to the Pastore subcommittee, the Office of Civil and Defense Mobilization said:

> "The subcommittee indicated particular interest in receiving an expression as to the OCDM's position on the essentiality of the domestic textile industry. On this point there need be no equivocation. The OCDM regards the textile industry as an essential industry and considers it an essential part of the nation's mobilization base."

OCDM then reviewed the case initiated by this Association under the Trade Agreements Act in which we contended that imports of wool textiles threatened national security. It noted the director's finding of Jan. 6, 1958, that he did not "have reason to believe that the level of imports of wool textiles threatened to impair the national security" and said "a review of the facts continues to support the conclusion reached by the director." Significantly, however, OCDM said:

> "The fact of essentiality (of wool textiles) is accepted and impact of textile imports, whether upon the domestic wool textile industry or the whole textile industry, is not discounted. On this basis, the Office of Civil and Defense Mobilization will do everything in its power to safeguard the domestic textile industry's contribution to the mobilization base."

Cloth Imports at New High

There are several points to be made here and we urge you to give them careful consideration. One is that since OCDM made this statement to the Pastore subcommittee in January, 1959, there has been an import explosion. Imports of wool fabrics soared to an all-time record high in 1959 and this upward surge is continuing in 1960. Further, imports of other industry products, including wool tops and yarns, also are rising, as well as imports of customers' products.

Imports of woven wool cloth in 1959 amounted to 46,610,000 square yards, an all-time record, and an increase of about 35% over 1958, the last full year which OCDM has considered, as far as we know. This year imports of cloth in the first five months amounted to about 40 million square yards--more than in any prior full year except 1959. In the first quarter of 1960 it is estimated that cloth imports were equal to about 30% of American production of similar goods.

Imports of wool yarns, including those containing Angora rabbit hair which are on the current bargaining list, exceeded 5 million pounds in 1959, the highest level in more than 30 years and double those in 1958. In the first five months this year, yarn imports exceed those in the same 1959 period.

Moreover, in the year and a half since the OCDM made its statement there has been no strengthening of the American wool textile industry. To the contrary there has been some further liquidation, adding to the more than 50% contraction suffered since the end of World War II.

OCDM Cites Blankets as Survival Need

Now let me turn to blankets which are on the current bargaining list under both the wool and synthetic schedules. In its statement to the Pastore subcommittee, OCDM said:

> ". . .OCDM and its delegate agencies have not completed its computation of the civilian requirement for blankets after an attack on this country. However, we have estimated that this particular need would approximate between 150 and 200 million blankets. It should be borne in mind that we need a stockpile of blankets now, and not the capacity to produce blankets after an attack. Lack of funds has retarded OCDM efforts to stockpile our survival needs for blankets except for token amounts.
>
> ". . .OCDM has learned that the Quartermaster Corps, U.S. Army, has tested and is continuing to test blankets and cold-weather wearing apparel made of man-made fibers, but has found no satisfactory substitute for all-wool materials at this time. However, it was pointed out that several mixtures of synthetic fibers and wool, presently being tested, were demonstrating superior qualities and might eventually be substituted for the all-wool items." (Emphasis added)

Let me point out here that OCDM's estimate of blankets needed for survival in effect means one blanket for each and every resident of this nation and does NOT include military requirements. Moreover, OCDM says the United States needs these blankets now.

The figures on blanket manufacture, in light of these estimated survival needs, are revealing. Total production of blankets of all kinds, without regard to fiber content, amounted to about 40 million units in 1959, less than a third of OCDM's minimum estimate for civilian survival alone. Production of blankets wholly or chiefly by weight of wool in 1959 was only about 2,400,000 units.

If blankets are required for survival in event of a nuclear attack--and OCDM, the responsible Government agency, says they are--it is difficult indeed to understand why they were placed on the bargaining list.

This significant report by OCDM also was cited on May 31 in a statement by Hugh G. Chatham, president of Chatham Manufacturing Co., Elkin, N. C., blanket group director of this Association and one of the industry witnesses who will appear before you today. Mr. Chatham said:

> "In the years since World War II when the military need for blankets was so great that the Government gave tax advantages to carpet mills converting to blanket production, there has been a contraction both in the number of blanket mills and the production of wool blankets. Certainly in the face of OCDM's stress on the need for blankets and its acknowledgement of an insufficient stockpile, the last thing desirable would be the undermining of our capacity to produce blankets by a tariff cut."

Chilean Disaster Confirms Blanket Essentiality

Dramatic confirmation of the essentiality of blankets and clothing (which is to say textiles of virtually all kinds) in a disaster came just a week later. In a Washington dispatch in its June 7 issue the New York World-Telegram and The Sun reported:

"Chile, suffering from a three-week series of devastating earthquakes is in urgent need of blankets, non-perishable foods, warm clothes and building materials to aid thousands uprooted from their homes.

"This was voiced in a new appeal from the Chilean government. . . The appeal urgently requested 20,000 blankets be rushed to Chile as soon as possible to be distributed to disaster victims. . .

"Winter gales and rain are lashing the southern and coldest part of Chile. . .The blankets are top priority in order of need. . ." (Emphasis added)

Swift and dramatic developments in weaponry sometimes dangerously dull awareness to the fact that food, clothing and shelter are still basic to sustaining human life in or out of uniform. In 1954 we asked this Committee "Does not the government realize blankets are basic to the alleviation of human suffering in disaster, whether induced by man, nature or chance?" We were gratified by the fact that inthe 1955 negotiations, the duties on blankets were not altered. With the same hope and purpose we repeat the question.

It would be difficult indeed to develop a more cogent argument than the Chilean disaster regarding the need for Government encouragement of the textile industry--not discouragement through additional duty reductions. Yet we find that the Government's current position as to the wool textile industry is contradictory and confusing.

Government Position is Contradictory

We assume members of this Committee had a hand in developing the reported United States proposal in the renegotiation of American wool cloth duties. Only time will tell whether the proposal, if it is put into effect, will stem the surging tide of imported woven wool goods. It does appear, however, that government did take cognizance of the industry contention that existing duties are inadequate and, while not going all the way with industry, took steps to raise the 32.8% average duty in 1959 to 38%.

But here's the rub. We come now to the contradictions in the Government's position. At the same time the proposal on wool cloth duties apparently was being developed, the Government placed other products of this industry, the American wool textile industry, on the current bargaining list. These products include wool grease (on which we submitted a statement July 14, 1960), yarns wholly or in chief value of Angora rabbit hair and wool blankets. In addition, there are various knit items, products made by customers of our spinners; and certain items made by woolen and worsted mills which are not wholly or in chief value of wool.

But even before these perplexing and inconsistent actions--the proposal for higher cloth duties while at the same time listing cloth blankets for possible tariff reductions--the wool textile industry has been beset with doubt. There has been doubt for several years as to Government's intentions toward it. This doubt, in large measure, was born of the uncertainty and the erosion in the implementation of the Geneva Reservation, matters with which you are quite familiar.

The initial activation of the Geneva Reservation in the last quarter of 1956, together with White House characterization as "malicious nonsense" any allegation that the administration considered this industry expendable, gave the industry a psychological shot in the arm.

Almost immediately, however, in response to foreign complaints, there began a series of hearings or requests for views, on the operation of the Reservation, all coupled with reports the Government was considering weakening the tariff-rate quota in various ways. There were some modifications, relatively minor perhaps, but all in favor of the foreign and import interests. None of the industry's major recommendations was accepted.

Despite this buffeting I point out also that we went along with the British proposal for a country-by-country allocation of the tariff-rate quota. In addition, at the request of the Government, we jointly developed with the men's clothing industry a proposal on certain high priced fabrics. Under these conditions the industry could only speculate whether the tariff-rate quota would be kept in effect on any basis.

Industry Believed it Proved Its Case

Then came the United States announcement last fall that it would renegotiate wool cloth duties after hearings in December. We felt that industry had made a clear case before the Tariff Commission that the existing duty, which we had been advised the Government construed to be 37½¢ per pound plus 25% ad valorem, was below the peril point. In fact, in our accustomed modesty, we thought industry had demonstrated the remedial 45% ad valorem duty to be below the peril point.

We inclined to the belief that the evidence mustered before you should lean to the recognition of the need for quotas both by country of origin and by classes of fabrics.

But instead of prompt, effective action of any kind we got nothing but rumors--disquieting rumors that the United States would propose a single flat duty on cloth of 30 or 35%.

Gentlemen, if you were wool textile manufacturers, would you not find the current situation and the events leading up to it confusing and disturbing? Would you not find it difficult, if not impossible, to plan the future of your company in this turmoil? Would you be able to make a logical decision as to whether you should curtail, expand, liquidate or even move your operations to foreign soil? We leave the answers to these questions to you.

Mr. Chatham, in his May 31 statement, put it this way:

> "The statement of a high Government official that textile items on the list are those which have not faced severe import competition again indicates that the Government seems determined to deliver the U.S. market piece by piece--in this case, blanket by blanket--to our foreign competitors. . .If the Government wants to encourage the American industry and its employees, now struggling to maintain the modest improvement achieved in 1959, the only logical course is to withdraw these and other textile items from the list forthwith."

Statement on Government's Intentions Needed

Further, there is a widespread belief that the Government should lay its cards on the table and, in addition, match words with deeds. If it is going to sacrifice all or any part of the industry to the ends of overall foreign policy, it is incumbent on the Government to make a clear and forthright statement to that effect. Management and owners then might decide whether their talent and capital might be used by transferring operations abroad, as other industries are doing, and at the same time curtailing or shutting down domestic operations.

This might seem an easy "out" for management and capital. It would be far from a happy solution for their American employees and the communities in which they now operate, to say nothing of the problems it would create in military procurement. Considerations about moving abroad are on the increase among small, medium and large companies. As yet they are mainly in the discussion stage. I hope they do not become actualities. I find it hard to believe that the Government itself wants to drive defense-essential American companies and supporting capital to foreign soil--on the perimeter of a potential enemy who has declared his intent to bury us.

The Government could take a big step toward ending the industry's doubts and fears by striking textile and textile apparel products from the bargaining list.

Specific Paragraphs Listed

This statement deals specifically with the products covered by the following Tariff Law paragraphs:

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1107 - Yarn, wholly or in chief value of Angora rabbit hair.

1111 - Blankets and similar articles (including carriage and automobile robes and steamer rugs), made as units or in the piece, finished or unfinished, wholly or in chief value of wool, not exceeding 3 yards in length.

(Para. 52, wool grease, and Para. 1558, fatty acids derived from wool grease, were covered in our statement to you dated July 14, 1960.)

In connection with 1107 and 1111, we also deal with paragraphs:

1303 - Spun yarns of rayon or other synthetic textile, single or plied (such as are spun on the woolen or worsted systems).

1312 - Manufactures (blankets) of filaments, yarn or threads of rayon or other synthetic textile.

We also cite:

1120 - All manufactures, wholly or in chief value of wool, not specifically provided for.

1306) - Woven, pile and knit fabrics, in the piece or otherwise of rayon
1307(or other synthetic textile, particularly in relation to Tariff Law
1309) paragraph 1122.

We assert our concern arising from the possibility of needless tariff reductions on certain other manufactures, wholly or in chief value of wool, which serve as conveyors of wool, and of products of our industry, to the purchasing public. We will leave it to others we consider more competent to present specific information and argument in these areas of production but urge your sympathetic consideration in full realization they bear our endorsement to the proposition that reduction in

duties, such as would result in the further displacement of domestic employment and production through the stimulation of the volume of unfairly competitive imports, can only increase the injurious effect of such imports. The manufactures of wool and of wool textiles included in this endorsement are found in paragraphs:

1114(a) - Knit fabric, in the piece, wholly or in chief value of wool, valued over $1 per pound.

1114(d) - Outerwear and articles of all kinds, knit or crocheted, finished or unfinished, wholly or in chief value of wool, and not specifically provided for;

Hats, bonnets, caps, berets, and similar articles, valued not over $2 per pound; infants' outerwear (including hats, bonnets, caps, berets, and similar articles, and sweaters), valued over $2 per pound; sweaters and other outerwear (except hats, bonnets, caps, berets, and similar articles) not for infants, valued over $2 but not over $5 per pound; and sweaters valued over $10 per pound.

It is our considered judgment that there is not an item among those included in these paragraphs for which there is not sufficient productive capacity within the United States, or its territories, to meet present or prospective demand; that an increased volume of imports therefore can only displace or stifle U.S. employment and production.

Industry Witnesses to Give Details

We believe that all of these articles should be stricken from the bargaining list and that--in any event--there should be no duty reductions on them. With us today are several witnesses from the industry, men with first-hand knowledge of the serious injury already inflicted by imports on the American industry and of the threat of even greater injury. They will present in detail the Association's positions on yarns wholly or in part of Angora rabbit hair and on blankets wholly or in chief value of wool.

(INTRODUCE WITNESSES)

Tariff Law Paragraphs 1303-6-7-9-12

Even though we have discussed the role of man-made fibers in the woolen and worsted industry at previous hearings of this Committee, you may wonder why we are concerned with items covered by the synthetic textile schedule. There is no mystery. Since World War II many man-made fibers have been introduced and more are on their way. Some of these new fibers are engineered specifically for use on the woolen and worsted systems. There is increasing production by woolen and worsted mills of articles wholly or in part of man-made fibers.

The American textile industry has led the world in developing blended products of various fibers, natural and man-made. Foreign mills, as availability of man-made fibers increases, now are stepping up production of such articles. Imports of blended goods are increasing. Therefore, we have urged the Tariff Commission to make separate peril point determinations for products of woolen and worsted mills which are dutiable in whole or in part at the rates prescribed by Tariff paragraphs 1303-6-7-9-12.

Among the products of woolen and worsted mills which call into play Tariff Paragraphs 1303-6-7-9-12 are certain yarns and fabrics containing 17% or more wool by weight but not in chief value of wool; woolen and worsted spun yarns wholly of man-made fiber; certain man-made fiber fabrics, including blankets.

Fabrics containing 17% or more wool by weight but in chief value of man-made fibers are dutiable in part at the rates under Paragraphs 1306-7-9 under a formula prescribed in Paragraph 1122. Fiber price relationships in some cases make it possible for such goods to have "wool" content as high as 80% to 90% of the total weight but not be in chief value of wool.

We believe that the duty under Tariff Paragraph 1122 on woven fabric in chief value of man-made fibers is below the peril point. Imports under that paragraph have soared from 52,000 pounds in 1953 to 4,110,000 pounds in 1959. Most, if not all of these fabrics, are made in woolen and worsted mills abroad and over 90% of the 1959 imports came from Italy, presumably from its Prato area. It is the Prato area also which has supplied most of the Italian exports to this country of goods entered as wholly or in chief value of wool.

Additional details concerning our position on man-made fiber goods produced by woolen and worsted mills will be found in our statement to the Tariff Commission. We urge you to consider the problem carefully because, as we have said, imports of man-made fiber goods produced in woolen and worsted mills are increasing and the potential is tremendous.

Tariff Law Paragraph 1120

Tariff paragraph 1120 covers all manufactures, wholly or in chief value of wool, not specially provided for (except cloth samples not over 104 square inches in area). We are unable to find what products, if any, enter under this paragraph and are completely in the dark as to why it is on the bargaining list.

C.R.I. Responsibility Increased by Commission Decision

Doubtless this Committee is aware of the recent lamb and mutton escape clause case in which the Tariff Commission majority outlined the limitations it believed is imposed upon the Commission by the Trade Agreements Act. In essence, the Commission held it could consider injury only on exactly similar articles. Thus it seems the Commission believes it cannot consider injury to an American spinner of Angora rabbit hair yarn caused by imports of sweaters, a product of the spinner's customers. Yet, in the view of the spinner, he is losing business when yarn is imported in sweater form just as surely as he loses it to imported yarns themselves.

This position of the Commission places additional responsibility on this Committee. If, in consequence of this narrow construction of "like and directly competitive" products the Commission in its peril point finding ignores the impact of yarn in the form of cloth or apparel it is all the more reason for you to give full consideration to this aspect of the problem. By the same token, if the Commission is blind to the clear relationship between cloth and blankets, it is all the more incumbent upon you to recognize the axiom, "things equal to the same thing are equal to each other."

Therefore, if the duty on cloth is inadequate, the present lower duty on blankets, which are made of cloth, is even more inadequate. The duty on blankets should be increased for the same reasons that warrant the increase of cloth duties as proposed by the government, and to slightly higher levels than cloth duties, as is generally the case abroad.

Conclusion

To repeat, we believe the products which we have covered specifically and other textile and textile apparel products as well should be stricken from the bargaining list and--in any event--that no duty reductions be made on them. In considering the listed wool textile articles we urge you to give concurrent consideration to duties on other products of these same mills and the products of their customers. Duties on other articles, including woven cloth, the chief product of the industry, already are permitting imports in such volume and under such circumstances that the industry has been seriously injured and is threatened with even more serious injury. In short, we believe you must consider the total situation of the industry and then you will agree with us that any duty reductions on products of the American woolen and worsted industry would not be in the interest of the mills, their employees and communities and, more important, would not be in the national interest.

Respectfully submitted,

Edwin Wilkinson,
President

(The following supplemental statement was subsequently received for the record:)

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS,
New York, N.Y., February 7, 1961.

Hon. JOHN O. PASTORE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR PASTORE: Please accept this as a supplemental statement, for the record, to the Senate Interstate and Foreign Commerce Subcommittee to Investigate Problems of the Domestic Textile Industry.

It relates to the *Wool Glove* case before the Office of Civil and Defense Mobilization.

In consequence of the testimony of Dr. Stephen J. Kennedy, Director of Research, Clothing, Textiles and Footwear Division, Research Command, U.S. Army Quartermaster Corps, before this committee in December of 1958 the OCDM instituted an investigation to determine whether wool glove imports threatened U.S. security. Dr. Kennedy had stated there had been loss of U.S. capacity to produce wool knit gloves; that wool knit gloves were essential; and, that no adequate substitutes had been found.

On November 18, 1960, OCDM issued its decision. Seemingly at some variance with its January 30, 1959, statement to your committee it declared: glove imports did not threaten U.S. security; and, capacity is adequate for mobilization needs.

We hope OCDM is right but we do not subscribe to nor endorse this finding. Further, we have reservations as to the comfort it affords to those in the military charged with actual procurement responsibility.

The feature of this decision we find particularly disturbing is the implication that OCDM holds that it cannot recommend corrective action except where it finds imports to be the sole cause of an industry's problems.

Admittedly this embraces more than the problems of the textile industry but nevertheless, if this interpretation of the OCDM position is correct, it is a very real problem to the industry and, I should believe, to military procurement.

This association is interested in the case because its members supply yarns to the glove knitters. We suggest that you may wish to consider recommendations to clarify the intent of Congress as to the criteria OCDM should use. You also may wish to learn whether Dr. Kennedy agrees with OCDM that there is adequate U.S. capacity for wool knit gloves. The enclosures listed below are germane.

Respectfully,

EDWIN WILKINSON.

[Text of letter to Leo A. Hoegh, Director, Office of Civil and Defense Mobilization, Executive Office of the President, Washington, D.C.]

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS,
New York City, November 22, 1960.

Mr. LEO A. HOEGH,
Director, Office of Civil and Defense Mobilization,
Executive Office of the President,
Washington D.C.

DEAR MR. HOEGH: Thank you for your letter of November 18, enclosing your "Memorandum of Decision" in the national security investigation of wool knit glove imports in which you found they "are not being imported * * * in such quantities or under such circumstances as to threaten to impair the national security."

First, let me express to you the same hope we expressed to the director of ODM in our letter of January 14, 1958, commenting on his finding that wool textile imports were not threatening national security:

"No individual or group of individuals could be more anxious than we in hoping that your present conclusion is right, in the public interest."

As the petitioner in the wool textile case, as an interested party in the wool knit glove case and in the national interest we have a continuing concern in OCDM's findings under section 8 of the Trade Agreements Extension Act of 1958. Therefore, I shall express views of both a general and specific nature in regard to your present decision.

Your memorandum states "there is apparently no single cause for the problems prevailing" in the wool knit glove industry" and there appears to be no single answer or solution." This would seem to indicate that OCDM interprets the law to mean that imports must be the sole cause of an industry's difficulties; and, that, except where this is the case, OCDM cannot recommend corrective action to the President. If this is a correct appraisal of OCDM's interpretation it virtually would preclude any corrective recommendations because, inevitably, there are many factors involved in changes in any industry. Frequently, however, when there is a large volume of imports, other problems cannot be solved until there is adequate control of imports. A reading of section 8 does not provide any indication to us that Congress intended OCDM to use a "sole cause" criterion.

It is interesting and perhaps significant to note your cautious wording, "The Department of Defense has indicated that it regards wool knit gloves as an essential product." Either the Defense Department or OCDM appears to have downgraded the December 2, 1958, testimony of Dr. Stephen J. Kennedy, Director of Research, Clothing, Textile and Footwear Division, Research and Engineering Command, Army Quartermaster Corps, to the Special Textile Subcommittee of the Senate Interstate and Foreign Commerce Committee. It was this testimony that apparently led OCDM to reinvestigate wool knit glove imports. Dr. Kennedy said in part:

"To illustrate how the loss of particular types of capacity can jeopardize our ability to provide the proper protection to our troops, consideration should be given to the problem of supplying heavyweight winter underwear and wool knit gloves. No adequate substitutes have been found for either of these items. Wool knit gloves are essential as liners for general purpose leather gloves worn by all of our forces. However, the continuing reduction of the capacity of the American industry to produce these items may place us in a position of having to use far less satisfactory and much less efficient substitutes."

His testimony also is interesting in view of this wording in your memorandum, "in past periods of emergency, the wool knit glove industry has made valuable and effective contributions to the mobilization effort and in any future mobilization would unquestionably be useful."

Your memorandum, in my opinion, is contradictory. At one point it says productive capacity "appears to be more than adequate for all defense needs and present plants and equipment * * * are ample for emergency needs." This is an unequivocal statement that the industry's capacity is adequate but a few lines later you raise a question as to its adequacy by saying that "existing capacity, plus inventories, is ample for foreseeable defense needs." This would appear to mean that without inventories productive capacity is inadequate. This assessment—that capacity alone is inadequate—is considerably more in line with OCDM's supplementary statement of January 30, 1959, to the Special Textile Subcommittee. In table 9 of that statement OCDM showed an indicated deficit of 215,000 dozens of wool gloves and mittens, having arrived at that figure by matching capacity against total annual requirements under full mobilization, 1960–62.

Your memorandum mentions a "rising volume of imports" and the "general upward trend of imports" and reluctantly acknowledges that they have been among the factors having an impact on domestic production. Certainly these mild references to imports are rather surprising when one looks at table 8 in OCDM's January 1959 statement. This table shows that imports of wool gloves and mittens in the years 1954 through 1957 exceeded domestic production. Apparently imports have continued to account for more than half of the domestic market since your memorandum says "there has been no significant change in the imports situation * * * which existed at the time of the OCDM decision on the wool textile case more than 2 years ago."

When imports exceed production of the American industry it is difficult to understand how they can be regarded as relatively unimportant in the decline of the industry.

As you note, this association's direct interest stems from the fact that our spinner members supply yarns to the wool knit glove industry. Our statement of March 17, 1959, relating to the instant case urged "you to consider not only the prospective demand for and capacity to produce woolen and worsted spun yarns for a single item such as wool knit gloves" but pointed out "this must be related to total demand for yarns required for all knit and woven wool products essential in emergency and war."

We cited the sharp decline in both woolen (57 percent) and worsted 63 percent spinning spindles from 1946 to 1957. In case later figures did not come to your attention, there has been a further decline. From the end of 1957, to the end of 1959, woolen spinning spindles in place dropped another 15 percent and worsted spinning spindles, 11 percent. In addition, imports of wool yarns have continued to rise. In 1959 they reached the highest level in more than 30 years and in the first 8 months of this year exceeded the total for the same 1959 period.

Unfortunately, in our view, there is no indication in your memorandum that OCDM considered the availability of yarn. Indeed, your supplementary statement to the Special Textile Subcommittee also fails to mention yarn but rather concentrates on loomage. Yet, without yarns, both looms and knitting machines would stand idle. It is here that we fear lies the fatal defect in the OCDM's investigation, logic, and conclusion which undermines the hope we expressed at the outset. Thus we again stress the Kennedy observation above and urge careful consideration of the Stevens-Gardiner warning that follows.

In view of continuing declines in spindles and rising yarn imports, even more pertinent today is a 1955 statement to the Committee for Reciprocity Information by Messrs. Ames Stevens and John Gardiner of Ames Textile Corp., Lowell, Mass. It said in part:

"* * * based on our experience with the War Production Board during World War II, the severe shrinkage in wool yarn producing capacity in this country would have an extremely adverse effect on the ability of the industry to produce sufficient yarn for military and essential civilian needs in the event of our direct involvement in another major war * * * War Production Board reports for 1943 and 1944 * * * show that the military preempted a very substantial share of the total yarn production * * * it would appear that civilians were very well taken care of * * * However, within this 2-year period there occurred military reversals, such as the Belgium Bulge, which resulted in abrupt changes in military planning and procurements, and *there were times when the military was necessarily taking virtually the entire production of worsted yarn and a very high proportion of woolen spun yarn, and even so, military requirements were not met in full nor on time. Coincidentally, alarming shortages occurred in various sections of the industry producing garments considered vital to * * * important segments of the civilian population.*" [Emphasis added.]

The statement of Messrs. Stevens and Gardiner, who served in WPB in World War II, and who are experienced in yarn manufacture, succinctly points up the essentiality of yarn spinning capacity and how rapidly military requirements may change. Also recalled is a statement by Gen. E. L. Corbin, Office of the Quartermaster General, in 1942:

"Much of the 'suffering of the German and Axis armies' in the Russian invasion 'results from enforced use of substitutes for wool' and 'a seriously inadequate supply' of winter clothing, both 'as important to Hitler today as ammunition.' Cold and 'lack of wool * * * are causing as many casualties as are powder and ammunition.' "

We can only reiterate our hope that your decision is right, in the public interest. We cannot endorse it.

Respectfully,

EDWIN WILKINSON.

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS,
New York, N.Y., December 13, 1961.

MR. LEO A. HOEGH,
Director, Office of Civil and Defense Mobilization,
Executive Office of the President, Washington, D.C.

DEAR MR. HOEGH: This is in further reference to the memorandum of decision in the wool glove imports case about which I wrote to you on November 22.

It will be recalled that in the early stages of World War II too often military reverses of the Allied forces were ascribed to "Too little—too late." It is particularly persuasive to find the same explanation appearing then in a German account of the debacle in Russia.

Gen. Heinz Guderian in his book "Panzer Leader," E. P. Dutton & Co., 1952, said, "Now it's too late!" in conclusion to a dialogue with Hitler concerning the issue of winter clothing to his troops:

December 20: "I beg you to remember that it is not the enemy who is causing us our bloody losses: we are suffering twice as many casualties from the cold as from the fire of the Russians. Any man who has seen the hospitals filled with frostbite cases must realize what that means."

"I: '* * * it is hard when the men have even now not yet received their winter clothing and the greater part of the infantry are still going about in denim uniforms. Boots, vests, gloves, woolen helmets are either nonexistent or else are hopelessly wornout'."

"Hitler shouted: 'That is not true. The Quartermaster General informed me that the winter clothing had been issued.' "

"I: 'I dare say it has been issued but it has never arrived * * * At present it is in Warsaw station * * * it cannot be sent on owing to a lack of locomotives and obstructions to the lines. Our requests that it be forwarded in September and October were bluntly refused. Now it's too late' " p. 266.

The current grip of winter weather we are having here, and I believe in Washington, adds chilling emphasis to other excerpts from the general's book covering privation, immobilization and loss of manpower due to lack of proper clothing, including gloves, in a "cold war" totally different from the cold war of today's meaning:

October 8: "Gen. Freiherr von Geyr brought up once again the urgent need for winter clothing of all sorts. In particular there was a serious shortage of boots, shirts and socks. This was obviously a very serious business" p. 235.

October 10: "Preparations made for the winter were utterly inadequate * * *. This lack of warm clothes, was, in the difficult months ahead, to provide the greatest problem and cause the greatest suffering to our soldiers—and it would have been the easiest to avoid of all our difficulties" p. 237.

November 26: "Only he who saw the endless expanse of Russian snow during this winter of our misery and felt the icy wind that blew across it, burying in snow every object in its path: who drive for hour after hour through that no-man's-land only at last to find too thin shelter with insufficiently clothed, half-starved men: and who also saw by contrast the well-fed, warmly clad and fresh Siberians, fully equipped for winter fighting: only a man who knew all that can truly judge the events which now occurred" pp. 254, 255.

December 5: " * * * XXIV Panzer Corps had been almost immobilized by the frost, which was now —68 degrees * * *" p. 258.

December 13: "Frostbite was costing us more casualties than was the enemy" p. 262.

Certain that your desire is second to none to avoid future situations to be written off under the glum and tragic epitaph "Too little—too late" we felt constrained to bring this vivid account of defeat to your attention.

Respectfully,

EDWIN WILKINSON.

Senator PASTORE. Mr. Frank Gorman.

STATEMENT OF FRANK GORMAN, WASHINGTON REPRESENTATIVE OF THE UNITED TEXTILE WORKERS OF AMERICA, AFL–CIO, ON BEHALF OF GEORGE BALDANZI, INTERNATIONAL PRESIDENT OF THE UNITED TEXTILE WORKERS OF AMERICA, AFL–CIO

Mr. GORMAN. Senator Pastore, Mr. Baldanzi was not as fortunate as Mr. Stevens in getting down here, but in addition he developed a virus and he wanted to express his regrets that he is unable to be here today, even though he wanted to. He asked me to submit his statement for the record.

Senator PASTORE. Thank you very, very much. We accept it and we regret very much that Mr. Baldanzi cannot be here. You convey to him our best wishes that he have a speedy recovery and that he will be back to his daily chores as soon as possible.

Mr. GORMAN. Thank you very much. I will, sir.

I am Frank Gorman, the Washington representative of the United Textile Workers of America, AFL–CIO.

Almost 3 years ago I appeared before this subcommittee to express our organization's deep concern over the effect of uncontrolled foreign imports on the textile industry and the workers whose livelihood depends on its well-being.

Since then the situation has grown more critical, the need for action more urgent.

Our concern 3 years ago, and our concern now, is the exportation of textile jobs from this country to foreign countries, where wages range from 10 to 15 cents an hour.

Last October our union held its regular quadrennial convention. At that convention, delegate after delegate, from every part of the country and every branch of the industry, told the same disheartening story of the devastating effect on textile workers of the importation of cheap textile products.

Since 1947, half a million American textile workers have lost their jobs. Many factors contributed to this loss, but the competition from cheap textile imports was certainly an important factor. Let me give you just one illustration.

In 1958, about 2,100 cases of woven labels entered this country from Japan. A case contains about 300,000 woven labels, and 2,100 cases add up to a total of 600 million cheaply produced woven labels. This in turn means 15 months' work for all the 700 unemployed woven label workers in the New York–New Jersey area.

As of 1961, Japanese woven labels have captured 20 percent of the American market, and it is growing constantly. It is not possible for the American producer to compete with woven labels entering this country from Japan. The reason for this is clear when we look at the following figures:

American labels are sold on the American market for $12.62 per thousand labels. The same type of labels, made in Japan, are being sold at $2.28 per thousand.

Where the industry quotes $11.27 per thousand American labels, the figure for Japanese labels is $2.14 per thousand, and where the industry quotation is $13.22 per thousand American labels, the figure is $2.37 per thousand Japanese-made labels.

No amount of efficiency, automation, and so forth, and so forth, can overcome the difference created by cheap Japanese labor working for 10 and 11 cents an hour, compared to rates that run about $2 an hour in this country.

The record will show comparable losses in other branches of the industry.

According to figures on imported yardage gathered by various governmental agencies and on imported finished garments converted to yardage by the research department of the Northern Textile Association (which we believe to be as reliable as data from Government sources) in 1958 some 600 million square yards were imported into this country. In 1959, the figure rose to some 935 million square yards, and last year—1960—the total skyrocketed to a billion three hundred million square yards.

It is more than 25 years since the adoption of our reciprocal trade policy. Then, reciprocity played a useful and necessary role, and contributed to the economic vitality of both the importing nation—ours—and the exporting nations overseas. Then, reciprocity was mutually advantageous.

But the world has changed since the midthirties, and just as in any other area—whether foreign or domestic—it would be foolish, perhaps even fatal, to cling to old-fashioned ideas and techniques, so it is with respect to reciprocity.

As a matter of fact, we no longer have real reciprocity. We have, instead, an imbalance in which we are exporting the jobs of our textile workers in exchange for cheap textile products, the chief effect of which has been to depress the industry even further. Nor has this led to improvement in the living standards of the foreign worker. Our workers are losing their jobs, but the foreign worker is still earning coolie wages.

And what is happening in the textile industry and to textile workers is also happening to thousands of other workers in a score of other industries.

We wish to reaffirm our original position that the only fair and equitable way to protect the industry and its workers against this potentially fatal competition is through the introduction of quantity quotas, country by country, and category by category. Such quantity quotas will let the foreign textile exporter know where he stands.

After the subcommittee hearings in 1958, and following the establishment of an intergovernmental textile agency by order of President Eisenhower, the Secretary of Commerce established a tripartite textile advisory committee, consisting of representatives of management, labor and the public. The intergovernmental agency was supposed to consult with the tripartite advisory committee, but it ignored the committee and submitted a report without even consulting with the tripartite advisory committee. For all practical purposes, it rejected all of the Senate subcommittee's recommendations, which included the establishment of higher tariffs and/or controls to stem the flood of goods from low-paid areas.

In 1958, we said that we believed the problems confronting the industry must be solved by active cooperation between management, labor and the Government. That is still our position, but now we are more hopeful that there will be such cooperation.

The new administration has already shown a realistic awareness of the problems facing the whole country. Further, President Kennedy is particularly aware of the crisis in textiles, coming as he does from New England, and Secretary Hodges has a long history of experience in the industry.

We are hopeful, therefore, that the recommendations which may be made by this subcommittee, under the chairmanship of our good friend Senator Pastore, will be sympathetically received—and acted upon.

Although we are specifically concerned here with the problems confronting the textile industry, we are at the same time fully aware that our entire economy needs to be revitalized, that the well-being of the textile industry is inseparable from the well-being of the whole country, and that the well-being of the whole country is essential to victory in the cold war, which must be waged both ideologically and materially.

I should like to say something about one of the ways in which America is endangered—and that is through the establishment of plants in foreign countries by American industrialists, who are taking advantage of the existence of a large army of underpaid foreign workers to produce cheap goods.

At this time, Mr. Chairman, for what the information is worth, while I have no authority to place it into the record, and, as a matter

of fact, it might have been called to your attention before, but in the textile trade paper of Friday, February 3 of this year, Mr. Spencer Love, the president of the largest textile corporation in the country, as a matter of fact, in the world, states, and I quote:

* * * tells the Burlington holders meeting that unless the Kennedy administration provides relief, big companies may soon set up operations overseas.

This is a very interesting article, Mr. Chairman, if it has not been called to your attention.

Senator PASTORE. Would you leave the paper with us and we will incorporate it by reference and keep it in our files for reference.

Mr. GORMAN. I have no authority. I believe the statement is authentic, but I have no authority to introduce it for Mr. Love or the association.

Senator PASTORE. It is a printed matter.

Mr. GORMAN. If you think it is all right.

Senator PASTORE. It is a printed matter. What you are introducing is not the statement but the publication itself. You have authority to give us your newspaper and I will take it.

Mr. GORMAN. All right.

As Senator Harry Byrd pointed out recently, American corporate investments abroad now exceed $30 billion a year, and are increasing more than $2 billion a year. This does not include profits, which are being ploughed back into these plants.

Also, in this connection we have an article that you might have read, or which has been called to your attention, from the same textile Daily News Record, the trade paper, of February 1 of this year, giving an additional statement by Senator Byrd in Memphis, Tenn., on the same subject, and I will leave that with you too.

Senator PASTORE. All right. That will be included by reference.

Mr. GORMAN. We say this exportation of jobs, plants, and industrialists going out or threatening to go overseas is bad for America—at home, because it undermines our own economy, and abroad, because it presents a picture of America interested in the rest of the world only for its own selfish purposes.

The combination of cheap goods made in foreign plants, whether foreign or American owned, coupled with the potential competition from countries in Asia, Africa, and other parts of the world which are emerging from an agricultural to an industrial society, together with the effect of the anticipated dumping of goods from countries under Communist control onto the world market in such a way as to advance the Communists' political interests (for it would be naive and suicidal to delude ourselves that the Communists will not manipulate their productive capacity in order to achieve political goals) can only lead to the further displacement of American workers, unless measures are taken to stem the flood.

We are perfectly willing, and we want to continue to carry our share of the load in order that other countries may achieve industrialization and raise the living standards of their own people, so they will not fall prey to the Communists. But as these countries achieve industrialization and are therefore able to provide a better life for their own people, our own load should be lightened. We therefore believe we must reassess the whole situation, and, based on present conditions, and new conditions which are now developing throughout the world,

look for permanent solutions through appropriate legislative action.

Thank you, Mr. Chairman.

Senator PASTORE. Thank you very, very much, Mr. Gorman, and, so that you may sleep tonight with a light conscience, they just submitted to me Mr. Love's statement for the record.

Mr. GORMAN. So you won't need this?

Senator PASTORE. So I will not need that.

Mr. GORMAN. How about Mr. Byrd?

Senator PASTORE. I will keep that one. Thank you very, very much, Mr. Gorman. It is always a pleasure to have you.

Senator THURMOND. Mr. Gorman.

Senator PASTORE. Mr. Thurmond would like to ask you a question, Mr. Gorman.

Senator THURMOND. I would just like to thank you for your statement and the figures you brought out. There is one figure you mentioned I wanted to ask you about. Did your figures show 500,000 textile jobs were lost between 1947 and 1957?

Mr. GORMAN. That is right, sir.

Senator THURMOND. I just wanted to be sure I caught that correctly. I did not have a copy of your statement here and I wanted to be sure.

Mr. GORMAN. That is correct. That is the estimate.

Senator THURMOND. Thank you very much.

Senator PASTORE. Mr. Harold Josendal, president of the National Wool Growers Association.

STATEMENT OF HAROLD JOSENDAL, IMMEDIATE PAST PRESIDENT, NATIONAL WOOL GROWERS ASSOCIATION, SALT LAKE CITY, UTAH

Mr. JOSENDAL. Mr. Chairman and members of the committee, I am Harold Josendal, immediate past president of the National Wool Growers Association in Salt Lake City Utah. Our association is a nonprofit service organization and we have been in existence for 96 years. We are recognized as the spokesman for the farmers and ranchers of the United States who grow sheep, lambs, and wool.

I want to tell you we are certainly very happy to have this opportunity to meet with this committee and appreciate the fine work you are doing.

Senator PASTORE. We are honored to have you here, Mr. Josendal.

Mr. JOSENDAL. The committee has already heard witnesses from textile processors and their labor representatives testify as to the critical condition of the industry due to increasing imports. As producers of one of the basic fibers we share their concern.

First of all, I would like to set forth the reason for the concern of domestic woolgrowers with the growing importation of textile manufacturers. It is a very real concern. American processors of wool are the only customers for domestically produced wool. Their wool business must be profitable for them to be active competitors for the purchase of raw wool. It is enlightened self-interest for us to wish to see reasonable protection afforded domestic wool manufacturers.

We are equally interested in protection of all other elements of the textile industry. They are so interrelated that there must be a bal-

anced protection, taking into account each category. As a hypothetical example, should there be an increase in the volume of orlon top or goods from a low-cost country, this would not only take a lot of business from the wool fabric market, but also force down the price of grease wool. Both the wool processor and grower would be damaged.

Therefore we take the position that all American manufacturers of wool and the labor employed in their mills should have at least adequate protection in the face of increasing competition from overseas.

All segments of the domestic wool industry are already suffering economically from the tremendous increase in the imports of foreign wool fabric which have been imported under sections 1108 and 1109(a) of the Tariff Act. We were extremely alarmed to find the 89 million yards of wool fabrics were imported in 1959, representing not only the highest import of any year, but also representing nearly 20 times the 1947 imports of 4,600,000 square yards, which was prior to the tariff reduction on these fabrics. Even more alarming are the imports of wool goods in 1960 which amounted to 112 million square yards. Under the recent tariff quota, this influx of wool fabric imports caused the breakpoint at which duties changed to be reached much earlier than in any of the 4 years since the Geneva reservation was invoked. The extremely high volume of wool fabric imports this year at the 45 percent ad valorem rate leaves serious doubt as to the effectiveness of the new year-round 38 percent ad valorem duty. We therefore maintain that it is highly essential that our American wool manufacturers be afforded at least the minimum tariff protection necessary to enable them to compete fairly with imports of wool manufacturers from countries where wages and production costs are below ours—in some cases drastically below ours.

The committee may wonder why woolgrowers who operate under the subsidy program of the National Wool Act should be concerned with the welfare of the processor. Congress provided in the Wool Act that wool should be sold on the open market. The American market is the only market available to us. Obviously, we are interested in seeing that market maintained and expanded to as healthy a position as possible.

The following is an excerpt from a resolution on "Tariffs" unanimously approved at the recent annual meeting of the National Wool Growers Association:

> The National Wool Growers Association believes that it is past time for our Government to make a searching re-examination of its tariff policy. We urge Congress to reassert its constitutional rights to set and control tariff policies.
>
> The matter of adequate tariff protection on imports of raw wool and wool manufactures and of lamb and mutton has been of vital importance to the sheep raiser since the early years of this country. It is necessary for the very existence of our industry.
>
> We urge that the escape clause procedure be clarified so that import quotas can be readily applied.
>
> In this direction, we strongly urge continued implementation of the Geneva reservations with greater utilization of its potential to accord the protection so vitally needed by all segments of the American wool economy.

We join with the entire textile industry in urging that some means be instituted immediately, through legislation or otherwise, to halt further liquidation of our important textile industry. Without a doubt, comparison of our clothing, blanket, fabric, and yarn duties in

the light of our wage levels and production costs, framed against foreign wage levels and foreign operating costs, exposes plainly the inadequacy of our tariff rates to protect American industry and employees against unfair competition.

We point strongly to the need for both tariffs and quotas by category and by country.

Thank you.

Senator PASTORE. Thank you very, very much. Mr. Thurmond.

Senator THURMOND. I notice here on page 2 of your statement that you made quite a startling statement saying:

> We were extremely alarmed to find that 89 million yards of wool fabrics were imported in 1959, representing not only the highest imports for any year, but also representing nearly 20 times the 1947 imports of 4,600,000 square yards, which was prior to the tariff reduction on these fabrics.

In other words, the imports of woolen fabrics in 1947 was 4,600,000 square yards.

Mr. JOSENDAL. Yes.

Senator THURMOND. And 12 years later, in 1959, it jumped to 89 million yards.

Mr. JOSENDAL. Yes.

Senator THURMOND. Is that correct?

Mr. JOSENDAL. Yes. You see, in 1948, under the GATT agreements, the duty on wool was reduced from what occurred in the 1930 Tariff Act, and that accounted for the increase.

Senator THURMOND. And then in 1960, a year later, it jumped from this 89 million yards to 112 million square yards.

Mr. JOSENDAL. Yes. I might explain this figure is one that appears in the brief that the Northern Textile Association presented to you. There is a conversion figure converting all wool imports of yarns, top and broad woven goods into the total import picture of all the wool goods.

Senator THURMOND. There is no reason to question the accuracy of these figures, is there? They are correct?

Mr. JOSENDAL. No, there is no reason. I thought maybe you were wondering why a previous witness had 60 million.

Senator THURMOND. I want to ask you another question.

Senator PASTORE. Before you get off that, where does that figure come from, Mr. Dorr? We will ask Mr. Dorr because he is the expert on figures.

Mr. DORR. I don't claim to be the expert on figures, but the 89 million in our figures is 90 million, and it is wool manufacturers, and not wool fabrics. I think that is the area of our problem.

Mr. JOSENDAL. It is all manufactured.

Senator THURMOND. If these figures are accurate, and we have no reason to question them, what do you predict in the future not only for the manufacturers of wool products, but for the woolgrowers—the sheep and lamb and wool producers?

Mr. JOSENDAL. Well, we wouldn't have any more future than our manufacturers. They are the ones we ship to. We can't ship wool to any part of the world. We have to consume it in the United States. We have no other market.

Senator THURMOND. So these excessive imports of woolen cloth and woolen goods in this country are not only affecting the manu-

facturers of the woolen products and their employees, but they are also vitally affecting the farmers. Is that not so?

Mr. JOSENDAL. Yes. That is correct.

Senator THURMOND. Those who produce the sheep and the lambs and the wool?

Mr. JOSENDAL. Yes. If I might add just as a personal recollection perhaps of the market during the year 1960, we found that instead of the usual competition with the experience we have where we find a number of mills competing on any one clip of wool at one time, when a farmer-rancher decides to sell, during the 1960 season we would very often find only one mill ready to buy it when they were ready to sell. It would be the only one that would have an order.

Senator THURMOND. Thank you very much.

Senator PASTORE. Thank you.

The next witness is Mr. Mike Masaoka. Did I pronounce that correctly?

STATEMENT OF MIKE M. MASAOKA, WASHINGTON REPRESENTATIVE, ACCOMPANIED BY SAM ISHIKAWA, SECRETARY-TREASURER, ASSOCIATION ON JAPANESE TEXTILE IMPORTS, INC.

Mr. MASAOKA. Almost. M-a-s-a-o-k-a. Mike is the Irish part of it.

Senator PASTORE. We will wait and see now.

Mr. MASAOKA. Mr. Chairman, first of all, I must apologize for the fact that due to the weather our materials for submission, that is, our prepared statements, have not arrived as yet.

Senator PASTORE. That is all right, but you will see we get them so we can put them in the record?

Mr. MASAOKA. Yes, sir. We certainly shall.

I feel, very frankly, Mr. Chairman, like Daniel in the lions' den, or David trying to get Goliath, after listening to the testimony thus far.

Before going on, I would like to introduce my colleague and associate, Mr. Sam Ishikawa, who is the secretary-treasurer of our association, which is, by the way, a New York trade association corporation, representing approximately 70 percent of those who import Japanese textiles into the United States.

Perhaps after so many witnesses have spoken out, I ought to at least qualify myself a little to show what I am saying certainly demonstrates no less concern for America's foreign policy or welfare than anyone else's.

I am an American of Japanese ancestry, having been born in California. At the time of the war, as you know, our Army placed all of us in so-called war relocation camps. Yet I was among some several thousand of those who in spite of being incarcerated by our own Government as suspect Americans, volunteered, if necessary, to die, and certainly to fight for our country. My four brothers and I constituted more than any other family in numbers of combat volunteers with the now famous 442d Regimental Combat Team, which, incidentally, liberated the country of your ancestry, to some extent, Italy. We went in at Salerno and we went in at the Rapido River and we fought at

Cassino and fought at Anzio, and the liberation of Rome and on up north to the border.

As you know, our 442d Regimental Combat Team came to be known as the most decorated unit in American military history for its size and length of service. We are known as the Purple Heart regiment because we suffered 300 percent casualties. Among my five brothers, one was killed and one 100 percent disabled. Between us we won 30 decorations.

So, Mr. Chairman, in speaking to you today I speak as an American citizen vitally concerned for the welfare of our country, particularly in these very tragic days.

I understand from the statement which you read at the beginning of this meeting that this subcommittee is concerned with two problems. One is whether the facts, since your last report in 1958 was issued, have changed. Secondly, if the recommendations which you then made still are as valid as they were.

I might say that the industry, the American industry, in passing has failed to mention that following your hearings in 1958, in 1959 the textile cycle went up, and the American industry enjoyed a very prosperous time.

I might say also, Mr. Chairman, and I will elaborate on it further, in your recommendations, although you point out under 3 that you do not recommend sweeping changes in our foreign policy program, we submit, and I will later demonstrate, if I may, that the suggestion of mandatory quotas is about as sweeping a foreign policy change as you could suggest short of out-and-out prohibition.

Be that as it may, if I may in the context of Japanese importers call to your attention the situation as we see it.

Japan regained her sovereignty in 1952, and then with American cooperation it became one of the bastions of our western defense in the Far Pacific.

At about the same time they began to ship textiles to the United States, and just about as soon as they began shipments into the United States, the American industry made these cries of alarm, which have become quite familiar to us.

We learned too in looking over the textile history of the United States that the American industry, and particularly the New England industry, made these same cries of alarm when industry moved from New England to the Southern States. We learn too that the American industry made these same cries of alarm long before imports became a factor in the United States.

Thus we say fundamentally, sir, that the problems of the textile industry are more basic than imports.

What about the import picture? Well, because of these cries of the American industry, the Japanese Government in 1956 first instituted voluntarily and on their own a kind of quota on certain fabrics, and only upon blouses in the form of made-up goods.

Mr. Chairman, in this particular respect I think that American industry and the subcommittee should be aware that Japan at that time gave up a great share of the market which it had developed in the United States.

But the clamor went on and in 1957 Japan imposed what we call euphemistically a voluntary quota. Yet the announcement of the U.S.

Government and of the Japanese Government indicate that it was done in consultation with the U.S. Government. But be that as it may, the 1957 voluntary quotas of Japan meant that Japan reduced—voluntarily, mind you—reduced her share of the American import market.

When the gentleman of the committee asked what nation has suffered so much, I say, Mr. Chairman, Japan has suffered far more in trying to help to protect the American textile industry. For what has happened?

Senator PASTORE. Before you get off of that, it is true that the original voluntary quota Japan imposed, I think, was 235 million yards?

Mr. MASAOKA. Yes, sir.

Senator PASTORE. And then later on I think it was renegotiated and I think they sought an increase of 15 percent, and it was compromised, I think, which led to a final figure of 246 million?

Mr. MASAOKA. 240 million square yards.

Senator PASTORE. 246 million, isn't it?

Mr. MASAOKA. We have 240.

Senator PASTORE. 235 to 246. Well, we need not quibble over it.

Mr. MASAOKA. Well——

Senator PASTORE. That, you say, was imposed voluntarily by the Government of Japan.

Mr. MASAOKA. Voluntarily in the same sense that one volunteers for the Army, or, in the Army. Certain consequences follow.

Senator PASTORE. Have you any idea why that came about?

Mr. MASAOKA. Yes, sir.

Senator PASTORE. Why?

Mr. MASAOKA. I think, and Mr. Abe himself, who was the chairman of the All-Japan Cotton Spinners Association, indicated there were a number of reasons, one of which was the fact that they were cognizant of the clamor of American industry.

Senator PASTORE. Was it not a little more than that? More than a little clamor? They recognized the fact that it was causing some displacement here. The quarrel here is not with Japan. I hope you do not construe any sign of disrespect toward Japan in the development of this hearing.

The fact of the matter is, I have been very cautious and careful that that connotation would not be left on the record. Most of the complaint here is now that while it is true Japan was the greatest exporter to this country of cotton goods and woolen goods as well, that apparently it had worked out satisfactorily with Japan because of this voluntary quota, which now stands at 246 million yards of cloth.

Their lament today is that what has happened here is whereas you used to export 70 percent, it now declined to 18 percent, which I thought you would attack here because you were being prejudiced against; but it has resulted as a matter of fact because of the very increased amount coming in from Hong Kong and Portugal and Spain.

Mr. MASAOKA. Yes, sir. That is our major concern.

Senator PASTORE. That is what we are trying to develop here.

Mr. MASAOKA. Yes.

Senator PASTORE. I hope we don't give the impression here that this is anything that might be construed as disrespect to any nation.

I also interrupted at one time to say I think myself all of these countries are acting legitimately within their own desire to manufacture and send to America their goods. There is nothing illicit about that, or disrespectful about that, or uncommon about that. Businessmen in this country in the competitive sphere are doing it to one another every day, and naturally, of course, if Portugal or Spain can export to this country, or Italy, the fact of the matter is that that is their perfect ambition.

The big question which arises here, and what we are interested in, is what does it do to us as a nation? What does it do to the American jobholder?

It has been developed here up to 1959 we closed down 717 American textile mills, and in the last 2 years 16 mills have been closed down in Massachusetts and 14 have been closed down in Rhode Island.

If you came from Rhode Island, whether you were of Italian or Japanese ancestry, what would you do?

Mr. MASAOKA. Sir, first of all—

Senator PASTORE. Now, I don't want any disrespect or laughing here, or anything. I am very serious about this because it is a very serious problem. I asked the question and I know the witness knows I asked the question with full respect. [Laughter was heard in back of hearing room.]

Mr. MASAOKA. Incidentally, I have a nephew attending Brown University studying textiles, so I have some appreciation for it.

Senator PASTORE. And he couldn't go to a better college.

Mr. MASAOKA. Be that as it may, I understand there are some good colleges in South Carolina too.

Senator THURMOND. You understand correctly.

Mr. MASAOKA. We want to thank the chairman for pointing out one of our major concerns, but American industry has done this: While persuading the American Government to persuade the Japanese voluntarily to impose these quotas year by year, when other countries have taken a great share of the import market, they have not, we think, in fairness to the Japanese and in consideration of their self-restraint, allowed them to share in that enlargement of the market.

Senator PASTORE. That is what we are talking about specifically. I think that you and I, as Americans, will have to appreciate more and more as time goes on that if this is allowed to go on unbridled and unchecked, the inevitable result is that ultimately we are going to make more enemies than friends, because what we are doing now is this: We have the whole coterie of our allies, our friends abroad, getting to the point now where it has become more or less an animus, a rivalry more than anything else. I think Japan is a little disturbed about what is coming out of Hong Kong and what is coming out of Portugal and India. I know Great Britain was very much disturbed at the woolens coming out of Italy.

Here we are in a foreign-aid program or foreign policy program which has as its purpose to cement and build up our allies abroad, and what we are finding out ultimately is that we may not only be destroying our own economy in our desire to do what is right, but we may be

alienating our friends, because in the ultimate they are fighting among one another as to who will win the American consumer. The rivalry is becoming so keen and importations are becoming so important in quantity that ultimately it may mean not only the American jobholders will end up without their jobs, but we will end up without friends abroad.

The last time we held a hearing, I do not know whether you are aware of it, but it was testified there has been a contraction of the textile industry in Japan. Are you aware of that?

Mr. MASAOKA. I am very aware of it.

Senator PASTORE. They tell me the textile industry in Japan is overproduced. Our feeling is that the entire textile industry all throughout the whole world is overinventoried, and we are trying to bring it down to sensible proportions, so that not only you will survive as an importer, and not only will Japan with its textile industry survive, and India, but even the United States of America will survive with its textile industry.

I think there is enough to go around for everybody, but what I do not want to see happen is that we follow procedures unchecked which will lead to killing the goose that laid the golden egg. That is what we have to avoid and now is the time to begin to look at it.

Japan came out of the war pretty much destroyed. She had to rehabilitate, and because she is a great industrial nation, she industrialized. The first thing she got into, like all of the other countries, is the manufacture of textiles. That is the story that repeats itself over and over again throughout the entire world. Many of the mills have been built with American foreign aid money. We do not resent it. But the fact of the matter is that these mills are not producing for their own people, but for export trade. It is true not only in Japan, but in Italy, and maybe in Spain and Portugal, and all of these other countries we talked about.

I think myself something has to be done and we will concede that. We should not have to take off the power of any one nation. We are not here to criticize or chastise, but to develop a record which will give to this administration the bedrock foundation upon which we can build a good house of international trade, without unreasonable restrictions and without far-fetched restrictions, but on a sensible basis, which will not only help our allies, but at the same time not destroy the American economy. That is all we are trying to accomplish.

If you can help us, the Senator from Rhode Island will be the first one to tip his hat to you.

Mr. MASAOKA. If I could help you I would not be representing importers but I would probably be doing something else. I think generally we agree as to what our ultimate objectives are. We at the same time, however, disagree as to how perhaps this might be done.

But before proceeding with the quota matter, for the record at least, if I may, I would like to indicate strongly some of the things you have expressed generally regarding Japan. Before doing that it might be well for us to recognize that to many Japanese this is a problem of almost a national disgrace. One of the senior managing directors of an export association tells us they are a kind of laughingstock because they feel they were taken advantage of under this

particular quota when they were asked to put on a quota, and, as a matter of fact, they have pretty well lived up to them.

Senator PASTORE. That is true.

Mr. MASAOKA. And none of the other countries, like Hong Kong, have come through. So Japan alone has been penalized. The only one to go out of its way to be helpful has been penalized.

Therefore, I would like to make a few comments regarding the statistical setup for this particular aspect.

For example, we find in fabrics in 1956, before Japan began her overall cotton quota, she enjoyed 76.2 percent of the American import market.

In 1957, the first year she voluntarily shaved a bit off that, she enjoyed 70 percent.

In 1960, last year, as already has been testified to, this amount has dropped to 18.8 percent.

There is a suggestion here, perhaps, that those who persuaded Japan to impose these voluntary quotas might have hurt themselves to this extent. Since Japan already had a low quota, other countries which had no gingham industry, for example, started to produce ginghams, because they felt it was a part of the American market which the Japanese had given up.

So I think it is well to remember in this instance perhaps, and in some others, the imposition of the quota by the Japanese actually helped to increase the total imports to the United States.

Be that as it may, we find all European countries in 1956 enjoyed 5.6 percent of the total import market in cotton fabrics, and in 1960 it increased to 26.6 percent. The Asian-African countries, excluding Japan, in 1956 enjoyed only 3.5 percent of the total market, but in 1960 they enjoyed 49 percent of the market.

Senator PASTORE. Wouldn't you agree with me we see the fallacy right there of lack of uniformity? After all, we have always indulged in the cliche that a nation cannot exist as half free and half slave. And the world cannot either. This international structure cannot exist half quota and half not. I mean, fundamentally that's what we are getting down to. Either you are going to have an American quota which applies to all countries, or you will not have any quota at all, because the trend has been that the country that respects the quota is placed at a disadvantage, and that is precisely the circumstance in which Japan is today. They are being rendered rather silly in the quota from the exports coming in from Hong Kong and all of the other countries. That is precisely the point. The way it proved practicable to have a quota existing as to Japanese imports is the argument being made by many of these mill operators, and people representing the labor unions of America, that the quota ought to be extended to all nations. That is the argument they are making.

Mr. MASAOKA. I beg respectfully to disagree.

Senator PASTORE. Yes, sir.

Mr. MASAOKA. First of all, I believe at a time when the United States is asking the nations of the world to liberalize their trade barriers, to impose the worst of all trade barriers we think would result in a chain reaction which would hurt us far more than anything else.

Senator PASTORE. How do you explain 717 mills closing down in 10 years, and 16 mills closing down in Massachusetts, and 14 mills in Rhode Island, in the past 2 years? You can say let them close down. Let them die, because someone is developing the theoretical thesis about letting it go unchecked. Why have any tariff at all? Somewhere along the line there has to be a limitation.

Mr. MASAOKA. We ought to look at this rather basically, I think. There must be a reason why undeveloped countries find the first industry they begin with happens to be certain segments of the textile industry. If this is that kind of an industry then as an American who believes in a country such as ours, we ought to utilize our manpower to the greatest extent possible; perhaps it causes me to wonder could we not use our talents and skills as laborers in a better and more productive and more modern, if you will, industry.

It may seem harsh——

Senator PASTORE. I know, but aren't you actually arguing that the textile industry in the United States of America is dispensable and should be dispensed with?

Mr. MASAOKA. No, sir. I believe, as many of the witnesses have testified as a whole, that the American textile industry is the most efficient in the world. As a whole. But I do believe it has certain weak links, and that the American textile industry would be better off if those segments were taken out.

This is our position. There are certain categories of fabrics, for example, that Japan cannot ship into the United States.

Senator PASTORE. Do you think if you were the senior Senator from Rhode Island you could sell that to the people?

Mr. MASAOKA. I may not as the senior Senator from Rhode Island, but if I were President I feel that the national interests of our country dictate we cannot afford to lose these undeveloped countries that are just beginning with these textile industries, because if we lose them we lose all, and there is no use to have a textile industry.

Senator PASTORE. If the President of the United States makes the determination that in the national interest and for the peace of the world the textile indusry is going to die in the United States of America, and that is the hardship we must bear, then I think that the American people will accept it; but I do not think it is a fact. I think we can preserve the textile industry in Japan, and we can still preserve the textile industry in Hong Kong, and Italy, and Portugal, and Spain, and Great Britain, and France, and still preserve the textile industry in America. I think we can do all of these things provided we can put our heads together and work out a plan. That is what we are trying to do. Nobody wants anything to die. As a matter of fact, we want it to live.

But what we are trying to do is not kill the goose that laid the golden egg. I think maybe it is the sensible approach to it. I do not think that the American textile industry should be allowed to die, and I do not think it has to die. I do not think 14 mills in Rhode Island have to close, or 16 in Massachusetts, in a 2-year period, or 717 mills have to close in the United States of America. I think we can keep these mills open and keep them operating in Japan.

There may be a lot of other things people in Japan can make as well, and people in Portugal can make as well, but the argument has been made here, why does one particular industry have to be pointed out to die?

Mr. MASAOKA. Sir, first of all, in the great interregional movement which took place after our own industrial revolution more than 17 mills passed away and closed down and were liquidated in Rhode Island, and New England, and elsewhere. These things have been going on and are part of the free enterprise system.

We agree. I would hate to see any of these actually close down, but the difficulty of a quota is this: First of all, I think many people who suggest the quota overlook the fact that this leads to Government regimentation. Why? Because in order to satisfy the exporting countries you have to police every factory. You have to police the management and see how it operates. You have to see about their policy, and their budgets, and their machinery, and everything else. That is one thing.

As far as categories are concerned, if every item of fabric and apparel is given a category then you are going to protect under this the weak and inefficient.

For example, under this kind of setup you are going to protect the wagon industry even though we have an automobile industry, or the propeller planes rather than the jet plane, and we will forget the intercontinental missiles and stay with the old field artillery. But category by category, things change. It is difficult. And country by country, things change, and we cannot know the future of countries.

I fought in the last war, as did General Thurmond. Our great allies then were Russia and mainland China.

You know what happened when we put country-by-country quotas in our immigration quota, and when we placed categories of first preference, and second preference, and third preference, in our racial quotas under the national origins restrictions. Once we write them into our law you are aware of how difficult they are to change, and in this rapidly changing world I don't think this is the answer. We honestly believe that the bitter experience we have had even with immigration under the quota system and in others——

Senator PASTORE. Why can you not separate category from category by administrative fiat? Why does it have to be legislative enactment?

Mr. MASAOKA. Again under legislative enactment you have various kinds of problems.

Senator PASTORE. We will always have problems. We have a big problem now. This committee is here for that reason. We cannot just turn our backs to the whole problem just because we feel it is going to be rather hard to solve. We have to begin somewhere. The President did at one time institute quotas with relation to watches.

Mr. MASAOKA. Yes.

Senator PASTORE. That is nothing new. That power was exercised before, and that did not destroy the country or our friendships abroad. We got to the point one time several years ago where a quota was imposed on foreign watches imported into this country, because otherwise our whole precision industry might have become

extinct. The President of the United States recognized it, and imposed a quota.

Mr. MASAOKA. Watches are less complex and less large as an industry than textiles.

Senator PASTORE. Do you import watches?

Mr. MASAOKA. No, we do not, but I think this is the important thing to remember, sir: that the Congress of the United States, in its wisdom, and approved by the President, has over the years established a great number of legal procedures which industry can use. It is interesting in this connection to note that in spite of these clamors of difficulties and all that, in relatively few instances have they gone to take advantage of these legal procedures. Of course, I refer to the escape clause procedures of the Tariff Commission, as well as the peril-point clause, and the unfair trade practices section of the authority of the Tariff Commission, and I even point to the section 22 action which was instituted by the cotton group.

Senator PASTORE. May I interrupt you?

Mr. MASAOKA. Yes.

Senator PASTORE. May I call a recess for about 5 minutes, or 10 minutes? This young Cub Scout sitting here has a duty to perform and I really want to be here during your testimony. We will have a recess for 5 minutes.

(Whereupon a recess was had.)

Senator PASTORE. All right, sir.

Mr. MASAOKA. Mr. Chairman, we were pointing out if the domestic industry feels it has a cause of action there are legal procedures it can follow. I enumerated the escape clause, and the peril point, and the unfair trade practices, and even section 22. To these I would add the antidumping provisions and the countervailing antisubsidy provisions, as well as those procedures for national security or defense essentiality. Certainly, the American industry has not exhausted these possibilities, and the very fact that so few of them have gone to the Tariff Commission, or used these other legal procedures would indicate their case cannot be justified on the basis of essential criteria which Congress itself set up in the case of the escape clause, for example.

Moreover, this administration and the Democrats in Congress generally have foreseen the possibilities of this kind of difficulty, and in their so-called depressed area legislation, with which you are very familiar, provisions are made to examine areas in which import impact has depressed the situation both for the employees as well as management and the community. Provisions are made to help them.

Today the Kennedy administration is talking about renewed vigor in the total economy, and if this works out—and you and I certainly hope it does—this will help the total situation of the American textile industry. In other words, all we are suggesting here is, until the textile industry tests the procedures already set up, we do not think we ought to even consider such a drastic alternative as mandatory quantitative import quotas. And why? The Chairman himself referred to the report made by the staff of the full Committee on Interstate and Foreign Commerce, and this particular staff report makes the specific recommendation against the imposition of these mandatory quotas.

The Interagency Textile Committee set up by the last administration indicated this was not the answer. Certainly if these groups say that mandatory quotas are not the answer, then there is at least room for controversy.

Senator PASTORE. But that report was not referring specifically, of course, to the textile industry. I am not saying now that there ought to be a mandatory quota with relation to every industry in the country. The presentation that is being made here is that the textile industry has been particularly hurt, for the reasons that you have already pointed out. These are general statements that you are reading. Not that I quarrel with them. As a matter of philosophy, I am a free-trader myself. I believe in international trade, and I do not think that this country can afford to close the door tight on merchandise coming in if we expect merchandise to go out; but I think it might be well for this country to study the whole problem vis-a-vis what we are selling to what countries, as I said before, and what we are buying back, and what the particular needs happen to be in that particular country.

As it stands today, there is an intense international rivalry among all of our friends, especially in the textile industry, to keep exporting their textiles into America, which caused us to have a problem. The suggestion has been made here on the basis of the quota. That may not be the plan that Mr. Kennedy would like to invoke. It might be the plan he might want to invoke on a moderated scale. He might not want a nation-to-nation quota, but might want a general quota, or a voluntary quota, agreed upon by all countries involved in GATT, as far as textiles are concerned. I cannot project myself into his mind, and I cannot tell what he thinks, but the fact of the matter is he has read our report and is somewhat in sympathy with our report. I do not mean by that he will accept all of our recommendations, but there is a heavy problem confronting the textile industry in this country, and I hope we can solve it.

Mr. MASAOKA. We do too.

Senator PASTORE. And I think it can be solved.

Mr. MASAOKA. The reason why I emphasize so much our unalterable opposition to quotas is because I think that the President in his wisdom looking at all of the facts, ought to have in the record also our particular sentiments.

Senator PASTORE. Positively, and I am going to hear you as long as you want to sit there, even if it gets up to 12 o'clock midnight.

Mr. MASAOKA. Thank you, sir.

Senator PASTORE. I am going to give you the same opportunity, and same deference and consideration as every other witness. You sit there as long as you want to and when you tell me you are through I will get up.

Mr. MASAOKA. Thank you. That is more than fair and I will try to be brief. Speaking of GATT, the chairman referred to GATT and it is interesting to observe in this connection that 35 nations of GATT have said the imposition of this type of quota is the worst possible thing that can happen to free trade. In January 1956 the Joint Committee of the House and Senate of the Congress of the United States on the Economic Report declared, and I quote here:

> In time of war quotas on imports are the counterpart of a nation's domestic control allocation, but carried over to normal times quotas are designed for a purpose similar to tariffs. They are worse because they may be insensitive to

changes in the volume of demands and to changes in cost of production and prices, and are almost always discriminatory. Assigning shares of the market in a quota has the purpose of boosting the market price just as does the tariff. As consumer demand grows except by specific administrative action there can be no increase in imports, as even the tariff allows, and the only alternative is for the price to rise even more. Quotas imply assignment of shares and it inevitably means choices must be made among countries of supply and individual traders. The opportunities for favoritism and economic strangulation and international hard feeling and reprisals, and for personal corruption, are unlimited.

If we analyze the idea, once you impose a quota on such a huge and complex industry as textiles, then I think it is an open invitation to every other American industry making a cry over imports, whether real or imaginary, to ask for this same kind of quota.

When we talk about the fact that the textile industry feels it is hurt a little bit more than other industries, on that Mr. Chairman I would like again to allude to my war experiences. We are engaged in a cold war and in many senses it is more difficult to deal with than a hot war, but in a hot war the objective as in a cold war is to win. In the last war I was an infantryman up front. I was not trained for an infantryman. I was retrained, if you can call what we had as retraining. As an infantryman, perhaps I was asked to bear more of the burden of the defense of my country and my ideology as a freeman and an American than those perhaps who were 50 miles or 100 miles behind in the Zone of Interior, or in America back home overseas. I was on the firing line in a war, not economic but a shooting war.

It is impossible to share equally and uniformly as in life and in war the responsibilities or, if you will, the hardships which one may be called on to bear. I say this not because I feel that the textile industry is being particularly hurt above all others but even if it is, in the context of the great war which we are fighting for survival, I say, if it is necessary for the textile industry to bear a little greater burden than others, then in the words of our President, in his inaugural address, ask not what we can get out of our Government by what can we do for America.

Coming back now to the analysis of quotas. Quotas first of all are complex and they create oftentimes more problems than they solve. They beget a bureaucracy, and a tremendous bureauracy; and most of us, whether we be Democrats or not, are certainly trying to reduce the costs of expenditures in Government and cut down. Bureaucracy under Parkinson's law will continue to grow and grow and expand and ungulf us all.

How can you say what one country's reasonable share is, or how can you say what a reasonable share for America is, because none of us can project ourselves into the future. This is so not only in terms of fashions and styles and new fibers, but in terms of economic depressions and cycles, and in terms of military and other demands which may come about in emergency situations.

Quotas are generally inflexible. Quotas generally increase prices and lower quality because in a sense a quota such as this gives to the American industry a guaranteed market which they can monopolize over a certain amount that the importers can send in.

Quotas certainly hurt the consumer and invite retaliation particularly by other countries. We think your quotas will hurt American exports. Why? In the case of Japan, for example, Japan buys a lot

of raw cotton, over 1,500,000 running bales, and it sends back less than 250,000. Of course the chairman may say, as he rightly has, "but she buys the things she wants and sends back things we have here". But what else has Japan to send back?

In the economic realities of the world—the economic realities and classic concept is that there are three factors: There is land; there is capital and management; and there is labor. In the United States of America we are blessed with land and with capital. Japan has only the third—labor. At one time, sir, Japan grew raw cotton. She decided this was economically infeasible and therefore she gave up the production of raw cotton and began to buy from the United States and other countries. Should Japan, simply because of differentials not in wages but in the amount of land which we in America enjoy—the capital and management which we enjoy—should they create quotas on the basis of these differentials which are just as impossible for Japan to control as we are unable to control wages overseas?

These are imponderables which we call to your mind. Quotas generally hurt the interests of those who espouse them. And, finally, and I think very importantly, if quotas are imposed we think, then, that the American consumer will have the right to expect production controls, too; because they have to know whether production is efficient, and they have to know whether monopoly has been created. They have to know that this is working smoothly, because they do not want to be the victims of a guaranteed monopoly, which in a sense this becomes.

In other words, we would like to stress it over and over again, with every ounce of energy we have, that we think that quotas are not the answer. We think there are administrative remedies now before the Congress and already enacted into law.

There is, of course, much more that I can say, but I think I ought to point out that even when Japan reduced the amounts that she had by imposing these quotas, that many years she couldn't even fill her share of the quota on fabrics simply because, regardless of how we may consider it in the lay market, Japan cannot send in many fabrics we feel which America can produce. An American mill in a month can produce more than all of Japan's exports to the United States. In fact, some of the larger ones in 15 days. An American mill can run millions of yards. And what other country has that kind of volume production? And if wages of labor are the real differential, then slowly, as automation develops in Japan and the United States and elsewhere, this differential should disappear.

The facts seem to indicate imports are increasing and not decreasing with increased automation.

The chairman made the suggestion, and it has been a suggestion made in Japan over and over again, that maybe Japan can diversify. But in the field of textiles she tried it. And what happened? She tried to diversify into carpets, and the carpet industry got mad. She tried to make wool suits and the American makers of wool suits got angry. She shifted from one product to another, and even to silk fabrics, typically Japanese. At least silk is, and the silk industry gets irritated. Rayon staple fiber: America produces relatively little as compared to cotton in the way of rayon. Japan sent some in and

the rayon staple people began raising the question of quotas. In tubular rugmaking, a traditionally Japanese item, and which they were making long before Commodore Perry ever opened Japan to the world, the same pattern developed. As diversification Japan discovers new products and sends these into our market and the industry immediately protests.

It is one thing to talk about diversification, but it creates exactly the same dilemma in trade Japan always faces, and which Senators also face: You are darned if you do and darned if you don't.

Of course, the problem is trying to work out something that is satisfactory for everyone around, in a kind of magic formula.

If I may now, sir, there is perhaps a tendency to overlook the fact that today, perhaps by coincidence, we have two new administrations coming into power in the free world. In the United States I am happy because I voted and have always voted for the Democratic Party. The Democratic Party President, John F. Kennedy, started his new frontier administration by calling upon a new generation of Americans to face not a life of ease but a life of sacrifice because we are engaged in a great war as it were.

Japan, too, is starting under a new administration, that of Hayato Ikeda, who was born in Hiroshima Prefecture. It is the perfecture from which the parents of most Japanese Americans happen to come. Hayato Ikeda is the first of the postwar Japanese Prime Ministers and higher ranking Government officials not to have had an official part in the military adventures of the Japanese in World War II. Hayato Ikeda bases his Government's policy on two factors: One, that he will double the economic growth of Japan in 10 years; and second, that Japan must be riveted to the United States in its foreign policy.

The Sino-Soviet bloc, particularly Red China, has been traditionally a market before the war. There are many people in Japan, businessmen, who are deluded as some people are elsewhere, that under communism wonderful and normal trade can exist. But, nevertheless, the fact remains that communism uses trade as an economic concept and weapon. If we put these kinds of restrictions on Japan, and on other countries, which make it impossible for her to trade, if you will, as always she should, then in order to live we put greater pressure upon our friends in Japan who want to stay on the free world side.

This is a part of the sacrifice and it is a part of the total picture I think that we as Americans must see. The American industry claims they can compete with the industry in the United States. But, Mr. Chairman, Red China and Soviet Russia are not a part of the United States. They are a part of the ideological war in which we are engaged, and a war which my spill over at any time from ideas to guns and missiles.

Japan is a showcase of democracy. The only real showcase of democracy in all of the Orient. Japan is the only country in Asia using a capitalistic free enterprise system that is able to get along in the world today. Should we fashion upon Japan chains of restrictions which will allow Red China and Soviet Russia to take her over and neutralize her and then draw her into their own orbit? If this happens, sir, as military men have pointed out from time to time, and as Stalin himself said, Japan, as the fourth largest industrial complex in the world may well shift the balance from one side to the other. This is the price. This is the war that we are talking about

when we talk about textiles in the United States, because textiles in a sense are a key to Japan's economy just as steel is a key to ours.

Under American blandishments and American urging, Japan is liberalizing her trade. By April 1, some 66 percent of Japan's trade will be liberalized. She will put cotton on the free list. We understand by July soybeans and animal fats and other things will be put on the free list.

Do you realize what this means? Soybeans is to Japan what wheat is to American politics. It is like America taking off price supports from wheat. And yet, Japan is willing to do this in the interests of international trade. When Japan is taking these liberalizing measures we think it is difficult, and in fact we think it is improper, as we see the national interests of the United States, to think of imposing quotas or any other kind of restrictions.

Nations have to live. They can live with us—and Japan has been living with us—or they can live on the other side. And, if they live on the other side, then our own lives here will be that much more difficult. There is no question that the American textile industry will survive. It is too big and it is too powerful. Management in it is too smart. There are only minor segments which may fall, if there is competition.

Japan asks that there be no discrimination against nations and she be allowed to enter the free marketplace with others without restrictions, so that she may trade and, in return, as her economy develops she too will reduce and take away her trade barriers. She, too, must remain economically strong so that she can stay on our side.

It is a matter of foreign policy as well as domestic industry policy. Therefore, sir, we say when everything is said and done that the issue comes down to that of the national interest of the United States. We believe that as important as the American textile industry is, it will survive and it can survive without further restrictions and further protection. But we do say that if we impose restrictions upon world trade, and particularly in textiles, which means so much to these newly developing countries in Asia and Africa, we may well tip the balance the other way.

Thus, Mr. Chairman, we urge this subcommittee to reexamine carefully this entire problem. We have confidence that the judgment of the Congress of the United States and the President of the United States will be in the national interest. Therefore, we are hopeful that real consideration will be given to what we have said.

Senator PASTORE. Thank you very much, Mr. Masaoka. Mr. Thurmond.

Senator THURMOND. Mr. Masaoka, I have known you for some time. As you know you made a fine soldier and I have a high regard for you personally, but I cannot agree with you on your statements here about what is best for the national interest. You are opposing placing, as I understand it, any quota at all against any countries or all countries. Is that right?

Mr. MASAOKA. Yes, sir. We are opposed to quotas in principle.

Senator THURMOND. Would you explain to us how the Japanese quota works?

Mr. MASAOKA. The Japanese in 1957 instituted a voluntary export quota system. This is an overall quota in which both fabrics and

apparels and made-up goods are included. The overall quota was divided into five groups. Within these different groups in cotton cloth, for example, special quotas were given to velveteens and ginghams, which were considered overly sensitive, and very fine cloths.

Senator THURMOND. Are you speaking now of goods that come from Japan here?

Mr. MASAOKA. Yes.

Senator THURMOND. I am speaking about the quotas that Japan placed on textiles from other countries.

Mr. MASAOKA. Sir, Japan should, by the end of this year, perhaps beginning April 1, remove most of those restrictions.

Senator THURMOND. Will you explain to us now just what Japan's present system of quotas is on goods from other countries?

Mr. MASAOKA. I am not familiar with that, sir.

Senator THURMOND. You are not familiar with that?

Mr. MASAOKA. No, sir. My understanding is——

Senator THURMOND. She does have quotas though, and she imposes quotas as you well know.

Mr. MASAOKA. I don't think she has quotas as such, sir. It is foreign exchange control which perhaps controls imports.

Senator THURMOND. Would you get that up for us and submit it for the record?

Mr. MASAOKA. Yes, sir. I will be very happy to get that for you.

Senator THURMOND. And we would like to know just how she handles imports coming to her country from other countries.

Mr. MASAOKA. I will be very happy to get that, Senator.

Senator THURMOND. For the record.

Mr. MASAOKA. Yes, sir. As I pointed out, however, she is rapidly taking off these various restraints on trade.

Senator THURMOND. Mr. Chairman, that is all the questions I have. I would like to ask permission to have inserted in the record of these hearings an editorial which appeared in the February 4, 1961, issue of Southern Textile News. The editorial is entitled "It's Time for Action" and it makes a very important point that ample evidence has been presented to the executive and legislative branches of the National Government that our domestic textile industry is being wiped out by the increasing tide of low-wage foreign imports.

Senator PASTORE. Without objection it is so ordered.

(The editorial referred to is as follows:)

[From Southern Textile News, Feb. 4, 1961]

IT'S TIME FOR ACTION

The business news of today is considerably different from what it was a year ago.

No longer do we hear glowing predictions about the "Soaring Sixties" and the bright new decade which was to carry us to new highs of prosperity.

But if the effusive phrases of last year were carried to an extreme, we think that some of the gloomy statements of the present are equally exaggerated.

In the interests of sound judgment and clear thinking, we at Southern Textile News feel we should avoid rushing from one extreme to another.

If the economic analysts of 12 months ago were intoxicated with overoptimism, we do not think they should try to compensate for it by putting on a hair shirt and painting an overly dismal picture now. However, we cannot help but feel that some of the dark news we have heard during the past few weeks has been inspired by some such spirit of overcompensation.

In looking over the back issues of Southern Textile News we find that the textile industry has much to be proud of.

The fact that the industry spent $500 million for plant improvements in 1960 and is projecting a similar program for 1961 reflects an extremely wholesome attitude on the part of textile management.

This, together with vigorous programs of research and development being carried out by both trade associations and individual companies, shows that the men who run the Nation's mills have confidence in the future and are willing to do something to protect it.

But no matter how carefully our industrial leaders make their plans it is still necessary to look with some anxiety toward Washington. In the Nation's Capital there is an air of eager expectation. The dust is beginning to settle and an amazingly energetic young President has taken over.

At least two new bills to curb the flood of textile imports are being prepared for Congress, new study groups are already in action to report on the status of the industry, and even a former textile executive has been appointed Secretary of Commerce.

Judging from the newspaper headlines, the friends of the textile industry are "popping out all over." People in high places say they "understand" our problems and are "seriously considering" remedial measures.

This would all be very encouraging if it were not for the fact that for the past several years we have had numerous hearings and endless investigations. By this time there should be plenty of information available and the way should soon be cleared for immediate action.

Mr. Kennedy ran on a platform of "getting this country going again" and in his latest speeches he expresses grave concern over the economic outlook which he considers far from bright. If he is sincere in this, we feel he is in an excellent position to free the textile industry of some of the burdens which Government policy has heaped upon it.

Highly placed authorities in the textile industry have estimated that if textile imports continue to increase during the next 5 years as rapidly as they have during the past 3, there will not be a yard of cloth manufactured in the United States by 1966.

This is a grim timetable which our people in Washington would do well to consider.

There is ample evidence that textile men are doing their part to improve the situation. It is now time for the Government to act.

Mr. MASAOKA. Mr. Chairman.

Senator PASTORE. Yes.

Mr. MASAOKA. This is a part of the request which I made. May I have my statement, which should be done tomorrow, inserted after my oral statement?

Senator PASTORE. That is right. It will be put into the record.

(The prepared statement of Mr. Masaoka is as follows:)

Mr. Chairman, and members of the subcommittee: May we thank you for this opportunity to be heard on a problem of far greater national and international significance than is usually attached to such proceedings which relate to the problems of the U.S. textile industry.

My name is Mike M. Masaoka, Washington representative of the Association on Japanese Textile Imports, Inc. With me is Sam Ishikawa, secretary-treasurer of this association, an incorporated New York trade association whose members handle more than 70 percent of all Japanese textile imports into the United States. The association is the successor organization to the American Importers of Japanese Textiles, Inc., on whose behalf we also testified before this same subcommittee in New York City in November 1958.

INTRODUCTORY COMMENTS

PURPOSE OF INSTANT HEARINGS

Our understanding of the purposes of these public hearings is that they are intended for a twofold objective: (1) to bring up to date the facts, data, and information of the industry from that which was presented 2 years ago, and (2) to reexamine the validity of the several recommendations made by your subcommittee in its official report issued early in 1959.

We are hopeful that these hearings will not be restricted, either by the witnesses themselves or by the subcommittee, to the alleged problem of imports, for we submit that imports are not the basic or even major cause for the claimed difficulties of the domestic textile industry. We who are engaged in the daily importation and sale of textiles from abroad know that imports are too often the easy scapegoat to which may be attributed too many of the troubles of the domestic industry. We know too that long before oversea textiles were entered into this country in even minimal quantities, the textile industry was subject to just about the same difficulties as challenge it today.

Even a casual reading of the economic history of the United States reveals that this complex industry has been the constant victim of the vicissitudes of the times and that, even from its general dislocation from its original "home" in New England to the Southeastern States, it has been able to adjust itself to continue its operations as a vital and giant industry, though some of its more uneconomic segments may have disappeared in the evolutionary process, thereby contributing to a more efficient whole.

Moreover, we are hopeful too that these hearings will not be directed to a confirmation of all of the recommendations made by this subcommittee 2 years ago, but, rather, that it will concern itself with a searching reexamination of the several recommendations to determine not only whether they were based upon the correct assumptions but also whether they were and are justified in both fact and in terms of our national interest.

Just as we found ourselves unable to accept the conclusion advanced by industry witnesses during the last hearings 2 years ago that imports were the principal cause for then claimed difficulties of the industry, so too were we unable to agree with particularly that recommendation of the subcommittee urging that "quotas be established which will permit foreign producers of textile products to sell in our markets within limits which will not further endanger existing textile capacity * * * (and) that quotas be established by specific categories of textile products."

We believe that, contrary to the opinion of the subcommittee, quotas represent "sweeping changes in our foreign trade policy" that are about as radical a departure as could be conceived short of total prohibition of all imports.

1958 STATEMENT INCORPORATED INTO RECORD

In order to avoid repetition in both facts and argument, may we suggest that the subcommittee incorporate by reference as a part of these proceedings our complete prepared and oral testimony of 2 years ago, which is to be found on pages 1613 to 1681 of part 4 of the (printed) hearings before a subcommittee of the Committee on Interstate and Foreign Commerce of the U.S. Senate, 85th Congress, 2d session, on "A Study of the Textile Industry of the United States," pursuant to Senate Resolution 287 (New York City hearings), November 12, 13, and 14, 1958.

The seventh section of this prepared testimony emphasizes our belief that "Major Domestic Textile Industry Problems (Are) Not Related to Imports." It is a section devoted to an analysis and documentation of some of the many complicated factors which, in our estimation, are far more responsible for the alleged plight of the U.S. industry than imports. These include discussions involving the liquidations of mills, especially for tax-gain purposes, the so-called southern movement, the lack of vision of some management, the shocking labor relationships in much of the industry, the consolidations and mergers that have taken place, the comparison of profits to assets, the decrease in cotton consumption, the impact and competition from new fibers, particularly the manmade ones, the development of nonwoven fabrics, and the need for newer equipment and machinery and greater productivity.

This particular section concludes with the answer of the research director of the Textile Workers Union of America to a direct question from the subcommittee chairman, that even "If we stopped all imports and we got all of the ICA, $96 million of ICA for American textiles, we will not have solved our problems." Textiles would remain "a sick industry."

Returning to our 1958 statement, except that the textile industry enjoyed an unusually prosperous, profitable, and active peacetime banner year in 1959—despite the loud lamentations and dire predictions of its industry leaders who testified before this subcommittee in the summer and fall of 1958—what we testified to at that time remains equally true and pertinent today, perhaps more

so since the industry seems to be going through that phase of the textile cycle that reflects downward trends in most aspects.

It is to be recalled that because we were among the two or three who spoke out in favor of textile imports out of the more than a hundred witnesses, our statement on that occasion was, of necessity, detailed and documented, as well as lengthy, for it was prepared as a summary rebuttal to the charges and claims, which we believe to be unfounded, advanced by domestic industry testimony at public hearings in Washington, New England, and the Southeast.

In order that the subcommittee may recall the scope and tenor of our testimony at that time, may we—for the record—identify the titles and descriptions of the various sections and subsections as an appendix to this statement?

Briefly, the first section was to demonstrate that "Japanese Imports (Are) Negligible" by various comparisons and explaining the "Reasons for 'Scapegoating' Japanese Imports." The second section was an "Explanation for Negligible Imports" in which various Japanese industry and government practices and policies relating to exports are detailed, as well as the factors that prevent many Japanese textiles from entry into the American marketplace. The third section discusses the "Limited Future Potential of Japanese Industry" for export purposes to this country.

The fourth and longest section deals with "Wages and Labor in Japan's Cotton Textile Industry," in addition to explanations as to why these wage differentials are not detrimental to the conduct of international trade and commerce and why wages are no the sole, or even most important, consideration. The fifth section sets forth the "Orderly Marketing Practices" of the Japanese, including the history and the breakdowns of, as well as the explanations for, the so-called voluntary export quotas. Included too are our reasons for opposing—both in principle and in practice—quotas of any kind, export and import. The sixth section points out that "Consumer Rights Require Imports."

The seventh section, as previously referred to, details that "Major Domestic Textile Industry Problems (Are) Not Related to Imports." The eighth section highlights the "National Interest Involved," while the ninth considers the "International Concerns." The tenth and last section offers a number of "Suggestions" to the subcommittee regarding its investigations and the U.S. industry.

Japanese Experience

Focus of Statement

Because we are most familiar with the problems, the experiences, and the thinking of importers, especially of Japanese textiles, we believe that we can make our greatest contribution to these hearings by focusing our attention largely to these aspects which few—if any—others will touch upon in these proceedings.

We shall comment, accordingly, on the alleged ills of the domestic industry only incidentally in passing, and then in the context of their relationship to imports.

We are hopeful, but not confident, that others more qualified than we will examine critically the status of the U.S. industry, not so much to reinforce claims of import injury but to expose what we believe to be the fallacy of blaming so much on so little.

Japan's First "Voluntary" Quota

Inasmuch as this is the last of Japan's 5-year experimental cotton textile export quota commitment, too many have forgotten that Japan first imposed voluntary export limitations in 1956, when she reduced her share of the U.S. market by restricting fabrics to 150 million square yards, with specific breakdowns of 70 million yards for ginghams, 20 million for print cloth, and 5 million for velveteens. In addition, a ceiling of 1,500,000 dozen blouses also was imposed.

Since there is a tendency to forget the motivations that caused the Japanese cotton textile industry to accept these limitations, it may be well to quote again the explanation by Kojiro Abe, then chairman of the All Japan Cotton Spinners Association, speaking on behalf of not only his own organization but also the Japan Cotton Weavers Association, the Japan Cotton Textile Exporters Association, and the Japan Textile Products Exporters Association. His explanation was made to members of a House Subcommittee on Customs, Tariffs, and Reciprocal Trade Agreements of the Committee on Ways and Means in Tokyo, Japan, in December 1956.

In his statement Chairman Abe declared:

"While much has been said and inferred about the so-called voluntary quotas imposed by the Japanese textile industry early this year, may I state unequivocally on behalf of the four associations (All Japan Cotton Spinners Association, Japan Cotton Weavers Association, Japan Cotton Textile Exporters Association, and the Japan Textile Products Exporters Association) that the underlying inspiration as far as many of us were concerned was our regard for the maintenance of cordial Japanese-American relations. It is conceded, of course, that the clamor and demand for legislative and administrative restrictions on the part of the American industry disturbed many of our members who, quite honestly, could not understand the urgency or necessity for such outcries. We could not comprehend the apprehension of the U.S. cotton manufacturers because, overall, Japan purchases four to five times as much raw cotton as we export to the United States in finished or processed goods and because our cotton cloth exports to the United States, for instance, amount to less than 1½ percent of the American production.

"On the other hand, it should be known that the Japanese Government, fearful that the mounting vociferousness of the American textile industry would seriously endanger international good will between our two Nations, urged our industry to take voluntary measures of self-restraint, even at great sacrifice to ourselves, in order to maintain our good relations.

"Because our industry has consistently been pro-United States in our attitude, probably more so than any other Japanese industry, we agreed to our Government's suggestion and adopted what have come to be known as voluntary quotas.

"We did this, not as an admission of the validity of the charges made against us but in the spirit that even though our own industry might suffer materially, the international friendship and comity involved between our two Nations transcended the problems of any single industry, no matter how vital to Japan.

"Though there may be a tendency in the United States to accept these adjustment measures with cynicism, may I assure you again that these so-called voluntary quotas were adopted in good faith, at great sacrifice and hardship to both management and industry. Proof of our good faith is indicated in our specific procedures and program to implement the provisions of these self-restraint measures."

Regardless of the motivations, however, we must interject here our belief that these so-called Japanese quotas, even on the limited scale of 1956, were against the national and international interests of both the United States and Japan. It was against our public interest because it represented a direct contravention of our foreign trade pronouncements and our foreign policy objective of building up the economies of our allies as a means of strengthening our far-flung defenses against the Sino-Soviet bloc. It was against the national interest of Japan to surrender a share of her export market, thereby not only depriving her citizens of the fullest opportunities to improve their lot and life but also lessening the capability of her economy to develop maximum growth. To a nation that must trade to exist, such curtailment ought to raise the gravest concern.

Let us now examine the record as to the consequences of the voluntary Japanese program and appreciate just how prophetic Mr. Abe was regarding the good faith and the great sacrifice and hardship to both management and industry of this and subsequent self-restraint measures.

JAPAN'S 5-YEAR QUOTA PROGRAM

Because Japan had established what we now euphemistically call voluntary quotas in 1956, that same year the U.S. Government—because of pressures of the domestic industry—insisted that, since a precedent had already been established, an overall, category-by-category export quota on all cotton textiles destined for this country be imposed.

The Japanese acquiesced—though reluctantly—in setting up a 5-year program that resulted in these further reductions in her share of the American import market which she had helped to pioneer after World War II:

All cotton cloth was placed into group 1. Her 1956 total of 150 million square yards was cut to 113 million, a loss of some 37 million square yards. Within this category, ginghams were cut from 70 to 35 million square yards and velveteens from 5 to 2½ million square yards, both arbitrary reductions of 50 percent.

Made-up goods that just a year earlier had been limited only as to blouses were extended to take in all items, whether manufactured in the United States

or not, and further restricted by being classified according to arbitrary categories. Group 2 was to include "made-up goods usually included in U.S. cotton broadwoven goods production". Group 3 was to take in all "woven apparel". Group 4 was to include all "knit goods". Group 5 was a catchall, "miscellaneous cotton textiles". To each of these categories were assigned ceilings designated in square yards. Thirty million square yards were assigned to group 2, 71 million to group 3, 12 million to group 4, and 9 million to group 5. Altogether, for both piece and made-up goods, for fabrics and apparels, the absolute maximum was set at 235 million square yards.

In addition to voluntarily surrendering a substantial portion of the import market she previously enjoyed under the laws and treaties of our country, Japan solemnly pledged herself to a 5-year commitment, subject only to annual reviews.

In 1958 and 1959, slight modifications were made which, though seemingly increasing the total quantity to about 245 million square yards annually, actually resulted in little, if any, increase because the original 10 percent authorized for shifts between categories was reduced to 5 percent and shifts from made-up goods to fabrics or vice versa and to group 3 were specifically prohibited.

This (1961) is the last year of the current 5-year program.

LOSS OF IMPORT SHARE IN FABRICS

Not only did Japan give up a substantial share of the actual volume cotton textile import market in the United States by instituting these quotas, but she also found that she was, and is, losing her percentage share of this same market to other countries that have, to date, refused to compromise their capacity to export to America.

In 1956, when Japan first imposed a limited voluntary quota on certain piece goods and on blouses which she believed to be particularly sensitive to the domestic segment of the industry producing like or directly competitive goods, her share of the United States import market for cotton fabrics was 76.2 percent.

In 1957, after she had "voluntarily" reduced her shipments and extended coverage to all cotton textiles, her share was 70 percent. In 1958, her share increased slightly and temporarily to 71.7 percent. In 1959, it had dropped to 41 percent and last year, it was only 18.8 percent.

The price Japan paid for "voluntarily" surrendering the opportunity to export cotton textiles to the United States was, because of the quota alone, the drastic reduction of the share of the marketplace she enjoyed from 76 to 18.8 percent in the 5-year period 1956 to 1960.

As one looks at the tremendous increase in the American market in the past 5 years, an interesting explanation suggests itself that may be haunting those who impressed upon Japan this quota scheme.

If Japan had not placed artificial and arbitrary ceilings on various fabrics, the nations that have recently entered this market might never have taken the gamble of trying to export to this country. In ginghams, for instance, once Japan placed what amounted to an embargo on her shipments, importers went to other areas and persuaded them to fabricate and ship ginghams to the United States.

It may be well worth pondering whether the quota system has not served as an open invitation for others who might not have dared to compete with already established and well accepted Japanese fabrics to take the chance of being accepted here. We doubt very much that the Japanese, with their orderly marketing projections, would have increased her exports to the total now received by the United States in this field.

While Japan was and is losing her share of the import market, the West European nations increased their combined share from 5.6 percent in 1956 to 21.6 percent in 1960. In 1956, France enjoyed only 0.5 percent of the market, Spain 0.1 percent, and Portugal none. Yet in a 5-year period, France's share jumped to 6.5 percent, Spain's to 10 percent, and Portugal's to 7.1 percent.

In this same half-decade, the Afro-Asian countries, excepting Japan of course, jumped their share from 3.5 percent in 1956 to 49 percent in 1960. Hong Kong with no exports to speak of in 1956 claimed 17.8 percent of the market in 1960, Pakistan with none to mention in 1959 a year later had 3 percent, and India with only 2.9 percent in 1956 enjoyed 11.5 percent in 1960.

From 1956 to 1960, the U.S. import market for cotton fabrics increased almost three times. In this same short period, Japan lost her share of these imports from 76.2 percent to 18.8 percent.

LOSS OF IMPORT SHARE IN MADE-UP GOODS

While Japan's loss of her share of our import market in made-up goods is not as spectacular as in fabrics, it has, nevertheless, been substantial.

Individual sample items illustrate just how much Japan surrendered in this trade.

In blouses, for example, Japan enjoyed 76.1 percent of the market in 1957 and only 48.2 percent in 1960. In sport shirts, from 62.1 percent to 45 percent. In body supporting garments, from 49.7 percent to 15.8 percent. In slack trousers, from 73.8 percent to 17.8 percent. In blouse and trouser sets, from 98.2 percent to 28.3 percent. In underwear, from 79.5 percent to 4.4 percent. In playsuits, from 58.3 percent to 8.4 percent. In T-shirts, from 90.4 percent to 22.1 percent.

In this same 4-year period 1957 through 1960 (Bureau of Census FT 130 series were started in 1957), Hong Kong alone jumped her share from 37.8 percent to 48 percent in sport shirts, from 22 percent to 49 percent in blouses, from 14.1 percent to 48.9 percent in body supporting garments, and from 13.7 percent to 60.1 percent in underwear.

In nonknit items, Hong Kong again showed an increase of from 17 to 47.2 percent. And, last year, Hong Kong enjoyed 23.1 percent of the knit goods market, followed by West Germany with 12.6 percent, Italy with 7.5 percent, Philippines with 8.7 percent, etc.

In this made-up goods trade, the U.S. import market increased 86 percent in the 4-year period 1957 to 1960. In 1957, Japan enjoyed 57.7 percent of a smaller market; in 1960, Japan's share was down to 32.6 percent.

QUOTAS SELDOM FILLED

Not only did Japan's percentage share of the import market decrease dramatically, but Japan was not able to fill all of her quota in any one of the past 4 years.

Although this may come as a surprise to those who thought that any textile manufactured by the Japanese could find entry into the United States, even though the quota ceilings represented in most instances reductions from record and previous levels, Japan failed to fill her quota allocations in every one of the past 4 years when the American market was being expanded considerably.

We have been advised that in the fabric lines, Japan filled only 75.4 percent of her quota in 1957; 99.6 percent in 1958; 91 percent in 1959; and 84 percent in 1960.

In made-up items, such articles as blouses, sport shirts, etc., usually were exported to the maximum allowed. Overall, however, even in this field, every category was not filled, as the record demonstrates—1957, 97.5 percent; 1958, 99.8 percent; 1959, 95.7 percent; and 1960, 91.5 percent.

In certain lines particularly, imports dropped most substantially. In 1957, floor coverings were imported up to 95.4 percent of the maximum allowed. In 1960, it was down to 39.3 percent. Handkerchiefs are another example. In 1957, up to 99.1 percent; in 1960, down to 86 percent. In shirts, 96.8 percent in 1957 and 87 percent in 1960.

Generally speaking, this startling record of nonachievement proves quite conclusively that even Japan cannot export many textile items into the United States even under the favored circumstances of quota limitations because of tariffs and other factors. This also demonstrates that the contrived breakdowns are too arbitrary and impractical, not to mention the unreasonableness of the almost inelastic allowance for shifts between categories to take advantage of changes in supply and demand.

Over and above these aspects, unforeseen conditions developed that affected the annual exportation of cotton textiles to the United States on an overall basis.

In 1957, the first year of the quota, there were many technical difficulties in developing the administrative procedures for enforcement, etc. In 1958, there was a rising market in the United States, thereby proving anew that exports from Japan tend to rise in a prosperous American economy.

In 1959, such natural calamities as the typhoons which flooded many mills and plants helped to account for the failure by almost 10 percent to fill the quota in fabrics and by almost 5 percent in manufactures. In 1960, because of the so-called section 22 threat that might have increased tariffs on cotton imports, so many buyers were fearful of importing Japanese goods that there was a 16 percent deficiency in the quota for cloth and 8.5 percent in made-up

goods. This latter reaction would tend to discount contentions advanced by many in the U.S. industry that tariff barriers have little, if any, effect on the quantity of imports.

U.S. COMMITMENTS

Announcement of the 1957-61 export quota program was made by the Japanese Government-sponsored Japan Textile Export Council in these words:

"On September 27, 1956, the Export Council decided on its basic policy in regard to the voluntary adjustment measures for cotton textile exports to the United States to be made effective from January 1, 1957.

"In accordance with this policy, the council thereafter continued its study of the substance of the measures to be adopted, while at the same time the Japanese Government conducted frank exchanges of views with the U.S. Government with a view to reflecting American desires in the substances of these measures and thereby securing their effectiveness. Accordingly, in formulating the draft of the present measures, the views and desires of the U.S. side were fully taken into consideration.

"The Export Council today deliberated upon and adopted the conclusions reached as a result of the above study. The voluntary adjustment measures to be put into effect at the risk of great hardships and sacrifices on the part of the Japanese industry are aimed at eliminating apprehensions held by the American industry toward the importation of Japanese cotton textiles and thereby preventing movements against the import of such goods, especially the materialization of these movements in the form of increased tariffs, discriminatory State legislation and restrictive import legislation, and at maintaining and developing amicable trade relations between Japan and the United States.

"For the foregoing reason, the present voluntary control measures are based on the condition that the U.S. Government would take all feasible steps to solve the problem of discriminatory State textile legislation and to prevent further restrictive action with regard to the importation of Japanese textiles into the United States."

It is clear that the Japanese undertook their "voluntary" export controls system because of what they considered to be firm, reciprocal commitments from the U.S. Government that it "would take all feasible steps to solve the problem of discriminatory State textile legislation and to prevent further restrictive action with regard to the importation of Japanese textiles into the United States."

It is generally recognized that the Japanese have lived up to the spirit and the letter of the export quota program, even to the extraordinary extent of attempting to bar transshipments through third countries.

What about the United States?

South Carolina and Alabama, the two States that had "discriminatory" sign laws when the quotas were announced, still have these same statutes on their books and—we have been informed—the sale of Japanese textiles have been seriously prejudiced as a consequence.

The Secretary of Agriculture, an executive officer of the Government, recommended to the President and the President in turn instructed the Tariff Commission in 1959–60 to conduct an investigation into the effect of cotton imports on the cotton export program of this country. Though fortunately the Tariff Commission rejected the recommendation of the Secretary of Agriculture, nevertheless, as indicated in a previous paragraph, the action of a Cabinet officer and the resultant investigation by the Tariff Commission constituted a restriction on the exportation of Japanese cotton textiles to this country since importer-buyers were reluctant to place advance and other orders for Japanese articles. This single chain of activity caused cotton textile exportations to the United States to fall to its lowest level of the current quota period.

Knowing that there remains in America considerable consumer prejudice against the "Made in Japan" label, the Japanese consider the country-to-country requirements of the Textile Fiber Identification Act to be directed against their imports. It certainly has nothing to do with the fiber content of various fabrics and apparels.

The Tariff Commission recommended, and the President approved increased tariffs on cotton typewriter ribbon cloth imports. Though the Japanese are not the major supplier of this specialty item to the United States, the increase in customs duties will result in restricting its exportation by Japan.

As a rider to a bill providing for the temporary suspension of import duty on heptanoic acid, an alleged "loophole" in the law was closed so as to prevent cotton typewriter ribbon cloth from being imported under the lower rates for waterproof cloth. As pointed out to the White House, the operation of this amendment could result, as it has, in discriminating against Japanese velveteens for customs treatment. The President was urged to veto this legislation, but he signed it into law. This legislation constitutes another restriction in the eyes of the Japanese to the exportation of their cotton textiles to the United States.

At the present time, the Amalgamated Clothing Workers Union is threatening a boycott of Japanese wool fabrics in order to force Japan to impose a voluntary quota acceptable to them on men's wool suits. Although wool cloth is involved, since the American pledge is to all textiles and not just for cotton, the Japanese wonder why the White House has not used the prestige and influence of its good offices and its various executive agencies to persuade this labor union to withdraw its threat of secondary boycott, which to many is in violation of law. This threat, publicized and backed by a supposedly million-dollar survival fund of an industry committee, has already caused importers and buyers to hold up contracts for the importation of these particular fabrics.

The Japanese, rightly or wrongly, construe such activities as efforts to restrict their textile exports and, again rightly or wrongly, they expect the Government to move to eliminate these roadblocks to textile shipments destined for this market.

It is difficult, of course, for nationals of a parliamentary system to understand the checks and balances of our governmental establishment in which the Chief Executive and the National Legislature are independent and coordinate branches of authority. And to confound them even more, the several States, too, enjoy a great deal of autonomy.

Still, on balance, are the Japanese justified in their evaluation that we have not lived up to our commitments to them, while expecting and demanding that they do so?

It is true that the President rejected the recommendation of the Tariff Commission to increase the duty on velveteens. But, he did this only after the Japanese imposed their quotas, which contained a special restriction on velveteen imports. In this connection, too, the Japanese feel that they were humiliated into accepting a 2,500,000-square-yard ceiling after we had approved their original offer to restrict exports to 3,500,000 yards.

It is equally true that applications for escape clause relief from imports of blouses and of ginghams were withdrawn after the Japanese quotas on these items were announced. In both instances, the petitions to the Tariff Commission were withdrawn by the complainants.

JAPANESE ATTITUDE TOWARD QUOTAS

Understandably, most Japanese are rather bitter about their experiences with the "voluntary" cotton export quota program.

They accepted the imposition of these limitations as a good will gesture that would be reciprocated by both the U.S. Government and cotton industry in spirit if not in fact. They have been sorely disappointed in both respects.

They surrendered a substantial share of the import market they helped develop and watched other countries that might not be as competitive as they were, preempt a greater and greater proportion of the American market as they, in good faith and conscience, are foredoomed to a smaller and smaller share.

They accepted category by category, across-the-board ceilings only to learn that they could not even fill these reduced limitations.

They expected the United States to live up to commitments regarding discrimination against Japanese textile imports.

It is no wonder, then, that many, especially in the cotton textile industry of Japan, feel that the "voluntary" quotas are a national humiliation and disgrace. The senior managing director of one of the exporters associations told us, after touring southeast Asia, that the Japanese industry is the laughingstock of other countries. Still others high in the industry believe that they "have been taken" and victimized by Madison Avenue techniques and propaganda.

What has happened to them has caused too many to wonder whether it pays to try to be cooperative with the Government and the industry of our country, for they view as unfair, unsportsmanlike, and even un-American the shabby treat-

ment they feel they have been subjected to because they were willing to exercise self-restraint. They note most wistfully that Hong Kong and especially those others that are new to the exporting trade have gained at Japan's expense. While Japan remains shackled, others which refused to cooperate are, in effect, given incentives to export more and more, because the Japanese whose merchandise might prevent their exploitation of the American market is effectively barred from providing even minimal competition. In a real sense, Japan's self-imposed limitations assures a guaranteed outlet for many of these new exporters.

Frankly, the Japanese—and we believe rightly—are most disappointed in the continued intransigent attitude of both the U.S. Government and industry in their so-called annual reviews of the quota operations. They feel that they should be rewarded, not penalized, by substantial increases in their quotas commensurate with the increase in the import market. They somehow retain their faith that American sense of fairplay may in this, the last of the 5-year travail they have endured, provide them with some measure of compensation for the sacrifices made by their cotton textile industry and the nation as a whole.

Because we know that, regardless of the atmosphere of the final year's negotiations, the Japanese will suffer through another year of these now ridiculous and unrealistic quantitative restrictions, we are hopeful that Japanese policy in this regard, with which we have disagreed over the years, will be vindicated by traditional American magnanimity.

Certainly, fair-minded men can hardly expect Japan as a self-respecting sovereign nation to continue such unsatisfactory and unreasonable arrangements after 1961, after the bitter experiences of these 5 years of experimentation with what is basically incompatible with a free enterprise, capitalistic system.

DIVERSIFICATION RECORD

That the Japanese industry should diversify its exports to avoid criticisms of market disruption has long been the expert advice of American government and industry officials.

The record of the Japanese cotton industry, as well as the textile industry generally, has been most impressive in this regard.

The industry upgraded its cloth production, moving into the higher counts and finer qualities. And, instead of concentrating on fabrics, it diversified into the exportation of garments and apparels, constantly improving on quality and the availability of styles in this field. The import statistics of the United States, revealing the constantly increasing number of items from Japan, is proof positive that Japan has accomplished considerable diversification in its textile exports.

But, instead of placating the domestic industry, this successful diversification has only encouraged other segments of the industry to join in the hue and cry against Japanese imports.

In high quality piece goods, Japan diversified by exporting cotton typewriter ribbon cloth. In silk, as traditional a Japanese product as one can find in this modern world. Japan diversified her exports by shipping in fabrics. Japan fabricated her toyo cloth into caps and exported them to the United States. Another effort to diversify textile exports was in Wilton carpets. In rugs, Japan entered tubular rugs, which have served as protective mats for "hibachi" since before the discovery of America. Rayon staple fiber, still in the sample state insofar as exports are concerned, is yet another example of textile diversification.

In every instance, this diversification into new products has been met with hostility and antagonism by domestic competitors.

In a number of instances, such as lightweight wool knit gloves, the Japanese created an entirely new market which previously had not been exploited by the American glove industry, as the Tariff Commission will attest. In other instances, it has helped to expand the already existing market by making reasonably priced, inexpensive merchandise available to those who otherwise could not afford to buy them.

The availability of Japanese imports has been a boon to the lower income groups, for more often than not, on a dollar-to-dollar basis, the Japanese articles represent a better buy, a real bargain.

Japanese imports, too, aid in preventing monopoly prices and supply. Thus, from the consumer standpoint, Japanese textile imports should be welcome in the U.S. marketplace.

But the realities are that the domestic industry resents the introduction not only of staple textile imports but of efforts to diversify them. These realities account in large part for the insistence upon category breakdowns in the voluntary Japanese export quota structure.

Quotas Not the Answer

SUBCOMMITTEE RECOMMENDATION

We are aware that your subcommittee recommended in its report 2 years ago that an import quota on a category-by-category basis should be established for textiles.

We are also aware of the growing demand by the textile industry for this type of import protection. Indeed, it has been suggested that such a national quota system, fiber by fiber and category by category, distributed among the exporting nations on past performance records, should be most welcome to the Japanese. We suspect that industry witnesses at these hearings will echo this suggestion time and time again.

As we stated in the beginning of this statement, both as a matter of principle and of practice, we are unalterably opposed to the use of quotas to restrict the importation of textiles into the United States. Succinctly, we believe that quotas are against the national and international interest of the United States and that they will result in creating more problems than they can cure.

Quotas of any kind are abhorrent enough when applied to a single item. And, we respectfully submit that overall, industrywide quotas as envisioned by the subcommittee for as complex and manifold an industry as textiles with its multitude of interlocking implications, threaten to destroy the very warp and woof of our economic philosophy and foreign trade concepts.

We think that the Japanese were wrong in accepting the export quota thesis. We think it wrong that the United States should consider quotas as an instrument of national policy, especially in this new era when we are urging current and potential customer nations to reduce their trade barriers and while we are launching an aggressive export drive to sell our own products overseas.

We ought not be panicked into imposing import quotas unilaterally or negotiating bilateral or multilateral voluntary export quotas.

International commerce continues to be a two-way street, though the articles exchanged may not necessarily be within the same category or even of the same industry.

TEXTILE INTERAGENCY COMMITTEE REJECTS QUOTAS

Some 5 months ago, in September 1960, the Textile Interagency Committee, created by Executive order on the recommendation of your subcommittee, in a report submitted to the then Secretary of Commerce turned down the proposal for the imposition of an import quota in these unequivocal words:

"The Interagency Textile Committee is not proposing the regulation of imports by quotas. The imposition of textile quotas would be a far-reaching departure from our foreign trade policy of the last 25 years. It is considered that import restrictions should be imposed on individual products only when detailed facts of the situation show clearly that they are required to safeguard the domestic producers of specific products. As the Senate report so clearly recognizes, imports are not the sole cause of the textile ills."

SENATE INTERSTATE AND FOREIGN COMMERCE COMMITTEE REPORT

It is also interesting to note that a foreign trade staff report prepared for the parent Committee on Interstate and Foreign Commerce of the Senate and released to the press on January 17 by Chairman Warren G. Magnuson at the request of now President Kennedy inferentially rejects, too, the consideration of quantitative import quotas as a restrictive weapon of national trade policy.

While recomending that "U.S. exports should be continuously and vigorously promoted but within the framework of a trade policy designed to advance the overall level of free world trade" be the first priority, the staff report urged as its second general recommendation that "imports should be regarded as an asset to the American economy and should be dealt with in the framework of a general domestic economic policy which seeks to promote flexibility in adjusting to competitive pressure."

Not only does the staff report pointedly neglect to mention quotas but also specifically urges the liberalization of various procedural processes that have been used for protective objectives and emphasizes that "where import competition poses a threat, restrictions on imports should be the last rather than the first remedy available."

GATT NATIONS ALSO AGAINST QUOTAS

Thirty-five of the signatory nations to the General Agreement on Tariffs and and Trade (GATT) have agreed that quotas are the worst possible way to regulate international trade and commerce. They have, in fact, subscribed to the objective that quotas should be outlawed.

In their considered view, importa quotas if adopted as an American policy could well destroy our cooperative international arrangement in the trade field and, by so doing, reverse and pervert the very nature of our foreign trade policy.

JOINT COMMITTEE ON ECONOMIC REPORT

After extensive consideration of this specific method, the Subcommittee on Foreign Economic Policy of the Joint (Senate and House) Committee on the Economic Report issued the following summary of its case against quotas in its report of January 1956:

"In time of war, quotas on imports are the counterpart of necessary domestic controlled allocation. But, carried over to normal times, quotas are designed for a purpose similar to tariffs. They are worse because they may be insensitive to changes in the volume of demand, and to changes in costs of production and prices, and are almost always discriminatory in assigning shares of the market. A quota has the purpose of boosting the market price just as does the tariff. If consumer demand grows, except by specific administrative action, there can be no increase in imports as even a tariff allows, and the only alternative is for the price to rise even more. Quotas imply the assignment of shares, and this inevitable means that choices must be made among countries of supply and individual traders. The opportunities for favoritism, for economic strangulation, for international hard feelings and reprisal, and for personal corruption are unlimited."

NATIONAL TRADE POLICY COMMITTEE ANALYSIS

The Citizens' Committee for a National Trade Policy, whose counsel is Charles P. Taft, of Cincinnati, Ohio, studied this question of import quotas in connection with congressional consideration in 1956 of legislation to extend the Trade Agreements Act.

We think that their detailed analysis of the problems to be considered in connection with import quotas deserves the interest of the subcommittee; so though lengthy, it is reproduced as follows:

"An analysis of quotas

"An import quota is a fixed limit on the quantity (or value) of a particular commodity that is permitted to be imported in a given period of time (usually a year). A catalog of the reasons why quotas are alien to American traditions and principles would include the following:

"1. *Quotas are complex.*—The experience of those countries that have resorted to the use of quotas shows that quotas create more problems than they solve. No quota scheme is simple. One problem that arises is that of balancing off all the conflicting interests that are involved. For example, a quota can only be set in relation to the quantity of imports in a base year or period. The impact of the quota will vary greatly depending on the base period chosen and different economic interest groups will press for the adoption of a base period suitable to them.

"Once the size of the quota is determined, a means must be found for apportioning the fixed amount of imports that can be brought in among the importers and, indeed, among the exporting countries and their foreign producers. The means usually used is an import licensing system.

"2. *Quotas require a bureaucracy.*—A licensing system requires staff to develop the licensing system and to process and approve applications. Because the quota limits imports below the amount that would ordinarily come in, the demand for licenses exceeds the supply. Importers are willing to pay a premium

price for licenses. A black market in licenses may grow up. Additional staff will be needed, therefore, to enforce the licensing system.

"Once the licensed imports begin to come in, supervision will be necessary at every port of entry. The supervisory staff will have to regulate imports by quantity, country of origin, and time period of entry. Since it is not always possible to ascertain the country of origin or the destination of, say, a ton of iron ore, from a simple inspection of the merchandise, these will often have to be verified through lengthy investigation. Such investigation will have to show, for example, whether the commodity under consideration did not originate in country A, but was transshipped to the United States via country B which has a more liberal import quota than country A.

"Because of the complexity involved, there is considerable room for administrative discretion and that invites favoritism and corruption.

"3. *The administration of quotas is difficult and costly.*—Because such complex problems arise in the administration of import quotas, their administration becomes entangled in a web of regulations, interpretations, enforcement agencies, and bureaucrats. All this costs money. And because the trader's ingenuity in getting around regulations is faster than the ability of the bureaucracy to write regulations, the complexity and expense of administration feeds on itself. And foreign exporters have very little incentive to cooperate with the enforcement officials.

"4. *Quotas are discriminatory.*—To administer a quota, it is necessary to allocate the fixed amount of imports through a licensing system. Licenses have to be distributed so that all the importers get a fair share of the quota. They also have to be administered in such a way that each foreign country gets its fair share of the total amount of imports permitted.

"Usually fair share means the 'historical share' that the importer and the supplying country have had of our total imports of the commodity. This raises the question of selecting a base period which represents a normal period. Even when such a period is selected and the complicated computations are made on which licenses can be distributed, many problems remain. For example:

"(*a*) How do new importers who wish to get into the business, obtain licenses without reducing an existing importer's share?

"(*b*) If new importers are allocated licenses, how can you prevent fly-by-night operators from acquiring licenses for the sole purpose of selling them at a premium?

"(*c*) If a country has a declining trend of sales to this country, it may not use up its 'historical share' while a country that has a rising trend of exports to the United States may find its 'historical share' inadequate.

"(*d*) What if domestic production were to fall off for one reason or another. The quota would not permit an increase in imports to satisfy domestic demand. And a flexible quota that gears imports to the level of domestic production would have the perverse effect of reducing imports.

"5. *Quotas are inflexible.*—Quotas are an absolute restriction on imports. Most quotas set a fixed limit. Some have flexible features which, for example, permit the quota to increase by a fixed amount as the domestic production of the commodity increases. But even with such flexibility, the amount of imports the quota permits is determined by legislative fiat and not by the forces of supply and demand working in the market place.

"Compared to a quota, tariffs are flexible since they permit imports to respond to changes in—

"a. The volume of domestic and foreign production.
"b. The relative costs of production here and abroad.
"c. The value of currencies.
"d. Effectiveness of salesmanship.
"e. Consumer preferences.
"f. The experience of importers.

"On the other hand, quotas 'freeze' the production and price arrangements at the levels that existed during the base period. Because they, therefore interfere with the development of the free world's maximum level of productive efficiency, trade patterns become distorted.

"6. *Quotas increase prices and lower quality.*—Quotas cut down on the amount of imports and permit only the importation of fixed quantities on the part of the licensed importers. Imports are scarce and their prices rise. Domestic producers of the commodity no longer are faced with as much import competition, so their prices rise. Exporters will try to rig their prices so that they get the

advantage of the higher prices. Importers will do the same. Since there is no longer any competition and importers can sell everything they are permitted to bring in, the quality of the imports may deteriorate.

"Contrasted with a quota, tariffs do not completely stifle competition. Foreign suppliers will try to effect greater efficiency and thus lower prices so they can overcome the tariff barrier. Also in contrast to quotas, the government collects the tariff revenues while the favored importer or exporter under a quota system pockets the difference in price that is created by quotas.

"7. *Quotas hurt the consumer.*—As a result, the consumer's preferences have no effect on price. If his tastes change he cannot shift his demand to different imports because the quantity of each import is fixed by law. His prices rise and the quality of the product he buys deteriorates—or if the quota on the article he wishes is filled, he cannot buy any more at any price.

"8. *Quotas invite retaliation, state trading.*—The imposition of a quota is an act of economic warfare. Unlike a tariff, which has an indirect effect on trade and is a recognized and accepted means of import control, a quota is a direct and obvious act of Government interference. Countries will feel aggrieved when a quota is directed at their exports. In self-defense, they will impose quotas against the exports of the first country. The GATT contains a provision outlawing quotas because it is to the interest of any one country not to use quotas if most of its trading partners agree to do likewise. But if one or two countries start, others are forced into the use of quotas as well. A spiral of retaliation results, and international trade warfare becomes the environment of world trade. As quotas are imposed, political considerations begin to dominate world trade. Instrumentalities of control become more refined and complicated and soon each nation is driven to autarchy and state trading.

"9. *Quotas hurt American exports.*—Under the aegis and influence of GATT, the maze of quota restrictions that grew up after World War II as a result of exchange difficulties, dollar shortages, domestic inflation, etc., has in recent years begun to be broken down. Where almost all imports from the United States into Europe were under quota-licensing arrangements in 1946, by January 1, 1956, 55 percent on the average, of all such imports were free. In the last 2 years, the progress has been dramatic. This success has been due to the moral suasion we have been able to exert via GATT and to the fact that we have charted our own trade policy course in favor of more liberalization. If we began to impose quotas against imports from these countries, not only would no further progress be possible, but serious retrogression would follow. American exports would find themselves excluded from world markets.

"10. *Quotas are contrary to the interests of those who espouse them.*—Some of the most ardent supporters of quotas are Congressmen who represent economic interests that have the most to lose from quotas. Congressmen from the coal-producing States should realize that coal exports increased from 15 million tons in 1954 to 35 million tons in 1955. In no small part was this due to the fact that we were able through GATT to get Germany and Belgium to ease their import restrictions against U.S. coal and grant licenses for additional imports. Congressmen from textile States likewise should appreciate that the over 500 million square yards of cotton cloth exports in 1955 (as compared with imports of 150 million square yards) would find growing export markets as restrictions abroad against imports of textiles from the United States are eased. The U.S. textile industry, according to industry spokesmen, cannot be outcompeted in any market in the bulk of its production. It, therefore, should seek the elimination of quotas and other restrictions abroad so that they can gain the access to foreign markets that their competitive position calls for."

COMMERCE SECRETARY WEEKS' POSITION

On May 12, 1958, then Secretary of Commerce Sinclair Weeks officially expressed the reasoning of the Eisenhower administration in opposing quotas in these words:

"In contemplating the use of quotas as an expedient to protect certain industries against abrupt or severe dislocations which might result from increased imports, we must always remember that they have many disadvantages.

"When quotas are applied on some products it is difficult to reject their use on others. Furthermore, once a quota has been adopted it is usually necessary to allocate shares among different supplying countries and among different importers. It is also necessary to keep these quota operations under constant surveillance and to police them to prevent transshipments and other evasions.

Thus Government intervention, once initiated, tends to feed on itself, constantly spreading through day-to-day business operations, further curtailing the automatic market adjustments of competition.

"Quantitative import restrictions are especially hard on small businesses which have difficulty financing large inventories from quota period to quota period.

"Any general resort to quotas on the part of the United States would weaken our current efforts to reduce foreign quantitative restrictions against our own exports. Actually, the United States has been the greatest victim of quotas and stands to gain the most from the progress in their abolition. As a large exporter and efficient producer of products wanted by other countries, we have more to gain by avoiding quotas and more to lose by any action on our part which encourages their greater use throughout the world."

While these expressions are of another administration, we believe that they must reflect the policy of this new administration, especially in seeking New Frontiers of trade and commerce with the free nations of earth.

PLANNED ECONOMY INVITED

Once an import quota is established as an instrument of trade restriction, every other domestic industry or segment thereof, with or without any color of import competition, will insist upon being made the beneficiary of the same "protection."

Thus, the road toward a planned economy will be well underway.

Regimentation is a necessary concomitant of effective import quotas, for both the people of this Nation and the exporting nations will have the right to insist upon continuous policing of every mill, every plant, every factory, etc., to assure that inefficiency and waste are not tolerated to the detriment of one or the other.

The end result will have to be production controls, for if imports are to be controlled by import quotas then production will have to be controlled by production controls, lest management attempt to create monopolies or dictate prices, etc.

A controlled state economy, we believe, is not the end result contemplated by the domestic textile industry. And yet, the possibilities for this consequence increases with every artificial and arbitrary control imposed, such as quotas, regardless of the reasons and motivations.

From the standpoint of the industry in the shortsighted view, the more specific and contracted the classifications, the more effective will be its restrictive potential. Because these contrived categories will create "guaranteed markets" beyond the minimal permissible imports, inefficiency and waste may well be encouraged, requiring more policing to assure some degree of competibility.

But such categories are most unfair to the exporting nations, for changes in the textile trade as fashions and colors, discovery of new processes like "drip and dry" and "wash and wear," development of new manmade fibers and mixes and blends of all kinds, often take place overnight. The experience of Japan's "voluntary" export quotas bear eloquent testimony to the fact that because of the natural advantages enjoyed by the domestic industry over foreign suppliers, no administrative setup can operate expeditiously enough to assure the required flexibility to permit reasonable shifts in exports to meet changing demand.

Moreover, country-by-country assignments cannot recognize the shifting destinies of nations. It was not so long ago, in World War II, that mainland China and the Soviet Union were among our most respected allies and comrades in arms. The enemies were Japan and Germany. Today, in less than 20 years, the roles are completely reversed. The situation of Cuba is even more to the point.

And, as American importers will maneuver and manipulate to secure the greatest possible share of the authorized imports, so the nations of the world will add this sensitive issue to their more momentous ones that only the United States unilaterally may determine.

Quotas definitely are not the answer.

QUOTA ALTERNATIVES

AVAILABLE RECOURSES

If quotas are not the answer, what is?

The Interagency Textile Committee, created on the recommendation of this subcommittee provides one alternative. It explains, "In those specific cases where imports may be the cause of undue hardship, legal safeguards are available to protect domestic industry. The escape-clause procedure established by

Congress and contained in section 7 of the Trade Agreements Extension Act of 1951, as amended, provides a basic assurance against serious injury to the domestic textile industry from increased imports of products on which a concession has been granted. Under the escape clause, the President is authorized to increase duties or impose quotas if the Tariff Commission finds, after a thorough, factfinding investigation, that increased imports are causing or threatening injury to a domestic industry."

Three other Tariff Commission recourses available to the domestic industry are investigations under the peril-point provisions, the unfair trade practices safeguards, and, for agricultural products, the section 22 proceedings.

In addition, the domestic industry may have recourse to the antidumping, the countervailing (antisubsidy) duties, and the national security (defense essentiality) amendment sections of our statutes.

Of course, except in certain circumstances, an overall industry may not apply for relief under these congressional procedures. The specific segment manufacturing "like or directly competitive" goods may file individual petitions for import relief. This is as it should be, on a case-by-case basis, where the individual facts relating to a particular item may be screened out and not hidden away in the maze of data relating to a larger operation.

If, as so often claimed by industry spokesmen, textiles are so essential to the national security and defense, the Office of Civil and Defense Mobilization (OCDM) is equipped to consider applications for relief. And, the OCDM may on its own motion, initiate investigations.

ESCAPE CLAUSE PROCEDURES

As indicated by the Interagency Textile Committee, the usual recourse for domestic industry seeking import relief is the escape-clause procedure under the jurisdiction of the Tariff Commission.

Congress in its wisdom specified the criteria for a finding of serious injury justifying prescribed remedies. These, without excluding other factors, include under the law "a downward trend of production, employment, prices, profits, or wages in the domestic industry concerned, or a decline in sales, an increase in imports, either actual or relative to domestic production, a higher or growing inventory, or a decline in the proportion of the domestic market supplied by domestic producers."

An identifiable industry may file an application for escape-clause relief, with evidence to satisfy the established criteria. The Tariff Commission, which has a professional staff of economists and investigators, sets out to determine whether in fact serious injury has been caused a domestic industry from the importation of like or directly competitive commodities. A public hearing at which all interested parties may appear and testify and cross-examine witnesses is also held before the six-member, bipartisan Commission of three Democrats and three Republicans.

Since trade and tariff matters are such sensitive forces in international relations, we submit that quasi-judicial proceedings like these held under prescribed procedures are the most appropriate method for determining whether individual industries are suffering from import hardship or not.

FEW TEXTILE APPLICATIONS FOR IMPORT RELIEF

If the giant textile industry of the United States, with its infinite number of manufactures, in facing such serious import injury that its very existence as a major industry of the country is actually in jeopardy, it would seem reasonable that they would avail themselves of every opportunity to gain that alleged much-needed relief.

And, since the escape-clause procedures of the Tariff Commission were specially established to help protect the domestic industry, it would seem only appropriate that the Tariff Commission would have been, and is, swamped by applications for import remedies.

Yet, thinking back to the end of World War II, some 15 years ago, we can recall less than 10 (velveteens, blouses, ginghams, wilton carpets, silk fabrics, typewritter ribbon cloth, and rayon staple fiber) instances in which the Japanese participated in escape-clause proceedings before the Tariff Commission. And, insofar as wilton carpets, typewriter ribbon cloth, and rayon staple fiber were concerned, the Japanese are not the principal suppliers of the American market.

Inasmuch as Japan was, and continues to be, one of the principal targets of the domestic industry, we think that this failure of the domestic industry to file many more escape-clause petitions with the Tariff Commission is most significant, for they have been reciting numerous examples of what they charge to be the alarming growth of imports. If the manufacturers of these articles that are the victims of imports sincerely believe that they have a case for import relief, why do not more of them take advantage of the prescribed procedures before the quasi-judicial Tariff Commission, instead of appealing to the Congress for across-the-board, industrywide relief on a category-by-category basis?

Why this lack of enthusiasm for asking for an independent judgment of their claims through a prescribed procedure which was established and has functioned for this purpose over the years.

Two years ago, witnesses for the domestic industry counted off the total number of cases considered by the Tariff Commission and discounted the effectiveness-for-them of this particular procedure on the basis of the number of times the Commission had rejected the pleas of the petitioners, or the President for one reason or another failed to approve the Commission's recommendations.

But, most of these involved other than textile products.

Furthermore, considering that ours is a government of laws and not of men, to prejudge that an established course is not satisfactory simply because its ultimate decisions may be contrary to our own views belittles the fundamentals of our judicial system. It smacks of the little boy who refuses to play ball because he is fearful that the umpire will call him out on strikes.

We suggest most respectfully that those elements of the domestic textile industry which feel that they are the victims of such serious import injury that increased tariffs are not sufficient for their protection and that quantitative quotas are their only salvation, apply to the Tariff Commission for such relief. If they can prove their necessity, under the law, the Commission may recommend individual quotas for specific items.

OCDM CASES

The OCDM conducted two investigations of the defense essentiality of certain wool manufacturers. The second of these, on wool knit gloves, was instituted on its own motion.

In both instances, the OCDM found, after investigation, that the defense requirements of the Nation did not require further restrictions on these certain wool products.

In spite of the protestations of the domestic industry that it is second only to steel in the national security scheme of our Government, these two are the only cases in which Japanese textiles were involved, as far as we can remember, since the end of World War II.

As with escape-clause applications one wonders how the domestic industry can make any showing of real import injury when it does not avail itself of the legal procedures created for their protection against import competition, in this case the OCDM procedures?

LEGISLATIVE POSSIBILITIES FOR AID

With Congress now in session, it is anticipated that there will be several bills dropped into the hoppers in both the Senate and the House which will attempt to provide for Federal or other aid and assistance to areas and communities that may be the victim of import competition.

The most publicized of these bills is the so-called Area Redevelopment Act, more commonly known as the depressed areas legislation, which includes a special section to extend the benefits of this measure to communities and areas that have substantial unemployment caused by import injury, as found by the Tariff Commission, but for which the President, for national interest reasons, cannot approve higher duties or quotas as recommended by the Commission.

This type of legislation, by the way, is urged by the staff report on foreign trade of the Senate Interstate and Foreign Commerce in order that the Nation shall share in alleviating the suffering that must be borne because of the public interest.

The Kennedy administration has called for renewed vigor in the economy of the Nation. He proposes administrative action and legislative enactments for this purpose. A revitalized economy, with an accelerating growth rate, will not only benefit the domestic textile industry but also the import market, for imports in textiles generally follow the prosperity of the U.S. industry.

Some Domestic Industry Complaints

1959 records

No doubt witnesses for the domestic industry will point to 1959 import statistics to confirm their familiar and oft-repeated complaint that textile shipments from oversea suppliers are increasing at such a sharp pace as to threaten complete destruction of the American industry within a few years unless positive and significant relief is not granted immediately.

It is to be recalled that in 1958, before this same subcommittee, industry witnesses—many of whom may testify at these hearings—painted a most gloomy picture of immediate prospects unless all imports were curbed drastically.

Let us look to the record.

In 1959 and the first quarter of 1960, the U.S. industry enjoyed its best 15-month period since the Korean war; indeed, some say that it was the most profitable in the past decade.

Federal Trade Commission reports indicate that profits in 1959 for designated textile mill products was $416 million, and for apparels and other finished goods $167 million. Prices for 20 standard constructions of cotton fabrics, the Department of Agriculture reports, reached an average of almost 64 cents a pound. Mill margins were the best in 10 years, almost 30 cents per pound.

Employment, for all intents and purposes, was about the same as in the previous year for both mill products and apparels, with a slight decrease for the former and a slight increase for the latter.

Sales of textile mill products dollarwise reached more than 13 billions, with garments and other finished items adding another 10 billion.

The production of broadwoven cloth, in linear yards, hit more than 12¼ billion, with cotton contributing some 9½ billion, synthetics almost 2½ billion, and woolens and worsteds some 305 million.

Plant and equipment investments were the highest in 10 years—more than $400 million.

If these are the symptoms of a mortally injured industry in its death throes, textile industries in Japan and elsewhere would gladly exchange places with the "sick" American industry.

Incidentally, fabric imports, according to the Department of Commerce, in 1959 approximated 486 million yards. Comparable domestic production that same year was more than 12 billion yards.

From this brief recapitulation, it is difficult for us to conceive that imports caused the domestic industry "serious" injury. On the other hand, we suspect that imports may have contributed to the record year.

While the tabulations for 1960 do show slight decreases in the various domestic totals from 1959, we see no cause for alarm; certainly nothing to justify the kind of panic that should invoke demands for mandatory import quotas.

Since the prosperity of 1959 is attributed to the upturn in the textile cycle, so the slight 1960 decline may also be blamed on the normal functioning of the cycle.

Fabric imports analysis

Without breaking down and studying the statistics, the increase in fabric imports from 1959 to 1960 of more than 200 million square yards (from 249 to 486 million yards) might appear impressive.

An analysis of the piece goods imports shows, however, that most of this increase is accounted for by a single fabric—sheetings. In 1959, imports of sheetings amounted to 84,647,000 yards, while a year later it totaled 199,980,000 yards. In other words, almost half of the fabric imports last year were sheetings. The remaining cloth imports were divided among many fabrics.

If the domestic industry has reason to believe that these sheetings "seriously" injured the production of sheetings, it should apply to the Tariff Commission for appropriate remedy, not to the Congress for industrywide relief.

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Commenting on fabric imports, an interesting trend is observed in both velveteens and ginghams, both fine cloths with high labor content which the Japanese chained by imposing "voluntary" item quotas in both their 1956 and 1957-61 "self-restraint" programs. In 1956, the year of the first quota application, velveteen imports totaled 8,325,000 square yards. In 1960, these same imports had dropped to only 2,308,000 square yards. In ginghams for this same period, imports dropped from 91,938,000 to 60,943,000 square yards.

Inasmuch as there is a declining import trend, we believe that it is not unreasonable for the Japanese to request substantial increases in the specific quotas for each of these fabrics for this year.

MADE-UP IMPORTS ANALYSIS

In made-up goods imports for 1960 from all countries, depending on the individual merchandise, there have been relatively slight increases and decreases compared to 1959 data.

Sport shirts were down, while blouses were up. Dress and work shirts increased, while body-supporting garments declined. Slack trousers showed a gain, while underwear decreased. Raincoats and playsuits were down somewhat, while knit outerwear imports increased a bit. T-shirts and gloves and mittens also declined in import volume.

CASE-BY-CASE EXAMINATION

This inconsistent showing indicates that, instead of considering the textile industry as a single entity for import relief, it would be more realistic and equitable to examine the various imports on an individual basis. If an escape clause application can be justified on the facts, this would appear to be the most appropriate method to handle any problem of import injury.

We urge the subcommittee to look into the import data for recent years to break down the individual items in relation to their domestic counterparts. We are confident then that the subcommittee will understand our insistence upon an item-by-item consideration of import relief, rather than an all-embracing, catchall umbrella coverage for one of the largest industries in this country.

Our Nation's foreign trade policy and the vast majority of textile imports should not be placed in jeopardy in order to afford relief to a few.

JAPANESE WAGES UP

Since the Kennedy administration will advocate an increase in the Federal minimum wage this year, if he keeps his campaign promise in this regard, we anticipate that witnesses before this subcommittee will repeat their slanders against wage differentials in the United States and allegedly low-wage exporters, including Japan.

It may, therefore, come as a surprise to them to learn that, according to the New York Times for February 1, 1961, Japanese Labor Minister Hirohide Ishida warned at a conference in Tokyo of regional officials of his department that "there are ominous signs of a growing labor shortage in this country of more than 93 million." At the same time, he explained the contradiction that unemployment presents a "serious problem" for many who lack special skills or training.

It may also come as a surprise to learn that, according to the All Japan Cotton Spinners Association, among the Big Ten spinners the average hourly earnings of the Japanese workers have increased more percentagewise in the years since Japan regained her sovereignty than for the average U.S. worker. Using 1953 as the base or 100-percent year, in the period 1953–60, the American worker has enjoyed an 18-percent increase in his hourly earnings, while his Japanese counterpart has enjoyed a 73-percent increase. Percentagewise, this increase represents a 300-percent differential. Today, the male textile millworker receives about 70 cents an hour.

In addition, the welfare expenses paid by the companies and not included in the wages, and not including depreciation, taxes, repair, etc., of facilities, have increased some 35 percent in this same 8-year period.

While wages have gone up, the working hours in weekly and monthly terms have decreased.

All this is not to suggest that Japanese textile workers are paid as much as the U.S. worker. All this is to suggest, however, that the gap is rapidly closing, with the Japanese enjoying higher percentage increases in pay than does the American.

Moreover, as automation assumes a more and more vital position in textile manufacturing, with the elimination of labor in many of the processes, the current discrepancy between the Japanese and the American in wages and working conditions will surely be brought closer together.

At any rate, the way in which to help the Japanese worker increase his paycheck and improve his standard of living is not to curb the exports which he manufactures, but rather to encourage him to produce more to sell to the United States.

Incidentally, while textile workers in this country are notoriously among the lowest paid and worst organized, in Japan they are among the highest paid, especially when they manufacture for export, and unionization in the mills is almost 100 percent.

On the subject of comparative labor costs, Tetsuro Ohata, commercial counselor of the Japanese Embassy, participating in the fourth annual St. Mary's College symposium on the "Challenge of the Pacific" in San Francisco last week, explained that a good part of the alleged competitive advantage attributed to the Japanese is offset by other factors, including fringe benefits that would be unimaginable to most American workers (such as support of a worker's widow and children, dowries, and payment of income taxes), the added raw materials cost, and the high interest rates in Japan. "Japan's labor costs may be low, but nowhere near as low as many U.S. manufacturers would have people think," Counselor Ohata stressed.

TARIFF COMMISSION ON JAPANESE COSTS

It may be noteworthy that the U.S. Tariff Commission in its study, "Postwar Developments in Japan's Foreign Trade," published in 1958, confirms Counselor Ohata's contentions.

"Various elements of cost: Japan's export prices are determined largely by the aggregate of costs involved in producing the respective articles. In addition to labor costs * * * exporters encounter a variety of production expenses, including raw materials costs, expenditures for power, administrative overhead, and selling expenses. Many of these expenses are higher in Japan than in most Western industrial countries.

"The dearth of indigenous raw materials plays an important, and often decisive, role in determining what export industries Japan can feasibly develop. The necessity of importing the bulk of its industrial raw materials precludes Japan from undertaking to compete in some lines; in other lines, where successful competition appears to be possible, it tends to limit production to articles in which raw materials account for only a small share of total costs. Export industries that use import raw materials—e.g., iron ore, bauxite, lead, salt, and petroleum—are generally confronted with higher acquisition costs for such materials than their competitors in major exporting countries. Japan is especially handicapped, moreover, because of its remoteness from the major industrial markets of the world; the burden of transportation costs, before and after processing, can be borne only by selected commodities.

"Capital is scarcer in Japan than in most Western industrial countries. This scarcity is manifest in high interest rates and in the underutilization of processes requiring capital equipment * * *.

"The general underutilization of capital in Japanese industries is reflected in substantial degree by the dominance of small establishments among manufacturing enterprises. The preponderant share of Japan's manufacturing establishments have fewer than 30 employees; 57 percent have fewer than 3 workers, and an additional 37 percent, fewer than 30 * * *. Even in the cotton textile industry, where modern technology and large-scale production are more prevalent than in most Japanese industries, large establishments are less characteristic than in the United States. In the production of gingham during 1956, for example, more than 500 weaving establishments in Japan produced only about half as much yardage as was produced by 21 firms in the United States. A few of the Japanese gingham mills were large and utilized the most modern equipment; at the other end of the scale were numerous small units employing one or two workers * * *.

"Although since World War II Japan has added materially to its facilities for producing electrical power, it is still confronted with a power shortage, and costs of electrical energy are high. Depending upon the industry for which the comparison is made and on its location, industrial establishments in Japan pay from 50 percent to 600 percent more per kilowatt-hour than do comparable establishments in the United States.

"Comparisons of other costs in the manufacture and exportation of products from Japan are lacking. Perhaps the principal disadvantage to Japanese producers not thus far mentioned is the expense of transportation to major export markets, particularly those in which the Japanese goods compete with articles of domestic origin. Because of the multiplicity of articles involved and the varying relation of freight costs to ultimate selling prices, no generalization concerning the resulting net impact on Japan's export trade is possible."

CONGRESSIONAL STUDY OF WAGE DIFFERENTIALS

Referring again to the report of the Joint Committee on the Economic Report, we learn that "Tariff policy cannot be based on international real cost comparisons and should not even if they could be obtained * * *. The test of acceptability of foreign products cannot be in terms of the absolute technical efficiency of their production, even if it could be measured. The market mechanism for allocating resources, which is the basis of a free economy, is a more logical guide. It operates by a principle that we can concentrate on producing those items in which we have the greatest relative advantage and leaves to trade the acquisition of those items in which we have a comparative disadvantage. Departure from the automatic operation of this principle of economic efficiency cost us some of our economic well-being, and have been acceptable to people who understand these principles only because we do not live in a world truly at peace * * *. Low-wage countries and high-wage countries are not barred from carrying on mutual beneficial trade. This is because wages are only one element in total money costs * * *. But low-wage countries do tend to have a comparative advantage in the production of goods which require much labor, while high-wage countries have a comparative advantage in the production of goods which require a higher proportion of capital or material resources in their manufacture * * *."

WAGES NOT SOLE CONSIDERATION

Rereading the testimony of the 1958 hearings, one becomes persuaded that the domestic industry witnesses believe that the only reason that Japan, and other Asian nations particularly, can export and compete in the American market is because of the wage differential between the United States and the oversea worker.

How, then, do these industry leaders explain that Japan, with the highest wages and living standards in all of Asia and at least equal to many in other lands, including the textile region of Prado, Italy, has no fear of being able to recapture her lost shares of the American textile import markets once the bonds of the "voluntary" quota have been broken, even though Hong Kong, India, Spain, Portugal, and others have lower textile wage scales?

How can they explain that, even with a greater differential than at present in its favor, Japan was never able to export more than 1.2 percent of our total domestic cotton production in her peak prequota year?

How can they explain that in this same prequota year (1955), the United States with higher wage scales than Canada was able to flood that neighboring market with about 50 percent of total Canadian textile consumption?

It is because there are many other factors—too numerous to discuss at length in this statement, though alluded to in part by the Tariff Commission and joint committee reports—that dictate whether imports may enter our marketplace or not.

As these official reports stress, the United States enjoys certain substantial natural and economic advantages over Japan, while Japan's only significant raw resource is her manpower. The suggestion that there should be an artificial means to "equalize" the only differential in Japan's favor—labor—is to destroy all international trade and commerce, for these relations are based upon various differentials that exist between nations and peoples.

We believe that American labor is the best, most efficient, most productive in the world. We do not feel that when our labor resources are so scarce, we ought to squander and waste its potential by insisting through arbitrary and artificial means, such as quotas, that our skilled reservoir of workers should be kept "on the job" to manufacture such items as toyo cloth caps which Japan can fabricate and sell much more economically than Americans can possibly do.

Our working men and women are entitled to much more than this. So, by permitting the natural, economic fundamentals to operate in world trade, we may help them progress on to more dignified and lucrative employment. The temporary adjustments may be severe, it is true, but such legislation as the depressed areas bill will help them in the necessary transition.

Unemployment is a human tragedy of the highest proportions not only to the individuals involved but also the industry and the Nation. But to ascribe so much of the unemployment to imports when it is actually caused by other and more fundamental problems is not only to traffic in human misery but to perform a disservice to all concerned. Imports too often are abused as the "whipping post" to conceal those many other troubles that more often beset the textile industry.

If only the very few truly noncompetitive and uneconomic segments of the industry that would better serve the cause of labor and management by liquidation were allowed to accept their normal, economic destinies, there would be relatively few unemployed as a consequence of imports alone. And these should be provided for, as the foreign trade staff study of the Senate Interstate and Foreign Commerce recommended, by a national program of aid and assistance. As casualties to the public good, the people as a whole who profit thereby have a definite responsibility to succor them.

And management too will benefit in the long run because it can no longer tolerate, and even encourage, inefficient and inadequate facilities to exist in the vain hope that Government subsidies in the form of increased tariffs or quotas will enable them to continue uneconomic operation.

What we are trying to explain is that, without doubt, over all, the U.S. textile industry is the strongest, most efficient, the most productive of all the textile industries in the world. The operation of economic laws without impairment with tariffs or quotas will not result in any significant contraction of the American industry; only the very few, inefficient, "primitive" segments may disappear, thereby increasing the vitality and strength of the remaining whole by eliminating the weakest links.

That a nation, a community, an industry can accomplish miracles in adjustment and rationalization is strikingly evident in the experiences of a number of English towns, like Lancaster, for example.

Trade Balances

Textile exports versus imports

Year after year, the United States has exported more in the way of textiles to other nations than overseas suppliers have exported to our shores. This is the record as reported by the Bureau of the Census, Department of Commerce, through the years.

A recapitulation of the comparisons between the years 1958, 1959, and projected estimates for 1960 based upon the first 10 months' record would show the following (in millions of dollars).

EXPORTS

Year	Total	Cotton	Manmade	Wool
1958	542	280	234	28
1959	570	274	265	31
1960	630	290	310	31

IMPORTS

1958	386	155	46	175
1959	531	209	88	234
1960	625	270	80	275

Please observe that total manufactured textile exports in dollar volume increased in 1959, our banner textile year, over that of 1958, and that this increase continued through 1960. While manmade textiles showed the most increase every year, cotton too showed substantial gains in this 3-year period. Raw cotton sales are not included in the cotton column.

Imports also showed some advances in this same period, except that synthetic imports decreased in dollar value in 1960 from that a year earlier.

Last year (1960), exports exceeded imports in textiles by some $5 million.

If the exports of American-grown raw cotton and United States produced synthetic fibers were added to the 1960 export total, as they properly should, there would be a differential of several hundred millions of dollars in favor of exports over imports.

Japan alone, for an illustration, purchased from the United States in 1960 1,569,000 running bales of raw cotton for almost $200 million and 3½ million pounds of waste cotton for three-quarters of a million dollars.

UNITED STATES-JAPAN TRADE

Because of the publicity attendant to the balance of payments problem and the outflow of gold reserves from the United States recently, it may be well to look again at the annual trade balances between Japan and our country.

We know that for years Japan has been our second best customer in all the world and usually our first in agricultural commodities, most of which are in surplus. On the other hand, we have reciprocated by being Japan's best world-wide buyer of goods.

Here is the record for the past 4½ years, for the data for the last half of 1960 is not yet available:

CUSTOMS CLEARANCE

[In thousands of dollars]

Year	United States	Japan
1956	1,064,484	543,316
1957	1,617,931	596,584
1958	1,053,871	680,394
1959	1,112,913	1,036,645
1960 (January-July)	911,396	634,355

PAYMENT AND RECEIPT

1956	787,824	588,262
1957	1,430,864	636,427
1958	870,962	725,413
1959	952,597	1,065,136
1960 (January-May)	513,152	470,192

Slowly through the immediate postwar years to the present, the Japanese have been trying to narrow the balance of international payments that have been in favor of the United States.

In 1959, for the first time, though the customs figures continued to favor the United States, the payments and receipts tabulation showed Japan in a more advantageous position. This, however, was a most abnormal situation—we have been advised—and the historic pattern balancing in favor of the United States was resumed in 1960. Under ordinary circumstances, this now generally accepted situation will continue into the foreseeable future.

POTENTIAL EXPANSION OF U.S. EXPORTS

At a time when our Government is embarking upon a stepped-up drive to sell abroad, it should be welcome news that, at American insistence, Japan is rapidly "liberalizing" her trade restrictions on the importation of foreign merchandise. These emergency measures were required to enable defeated and practically destroyed Japan to rehabilitate and reconstruct her economy to the spectacular position she now enjoys.

By April 1, 1961, Japan expects to have freed some 62 percent of all her special restrictions on imports. Included will be raw cotton and raw wool, and possibly even soy beans and animal oils and fats.

Later in the year, there is the possibility of "freeing" cotton textiles. Thereafter, as we understand it, these items will be subject only to Japanese tariffs, which in the main are somewhat lower than ours.

Because of the admiration of the Japanese for American fashions and styles, we are of the opinion that properly exploited, there is a vast potential market for U.S. made apparels, garments, and fabrics in Japan. The rising standard of living will make it easier for the Japanese to be able to purchase these American imports.

If all goes according to the timetable, practically all of Japan's postwar import restrictions should be removed by 1963.

Given the opportunity to earn dollars by shipments to the United States, we believe that Japan represents one of the more significant opportunities for expanded American export trade. We have, for instance, been impressed by economic projections which indicate that by 1970 Japan should be able to double her current purchases of U.S. goods, from about a billion a year to $2 billion.

JOINT UNITED STATES-JAPAN VENTURE

Of interest to the subcommittee may be the joint promotional venture of the Japanese cotton textile industry and the U.S. Department of Agriculture, through Cotton Council International, to promote the increased consumption by the Japanese of cotton textiles.

The joint project was begun in 1956 with each of the parties concerned appropriating almost $75,000 for promotional activities. This sum has been increased almost every year. Up through 1960, the United States and Japan had spent almost three-quarters of a million dollars each to popularize the increased consumption of cotton for all possible purposes.

This year (1961), we understand that $400,000 has been budgeted for this single project by both nations.

This cooperative venture, which has enabled Japan to purchase more and more raw cotton from this country for domestic consumption, may well serve as a pilot operation for future joint enterprises to increase exports from the United States for sale in Japan.

JAPANESE TRADE WITH COMMUNIST BLOC

Although, without question, Japan prefers to trade with the United States in the future as she has in the past, as Senator John Sparkman, the ranking Democrat on the Foreign Relations Committee and a member of its Far Eastern Subcommittee, reported November 30, 1960: "Looking ahead, I would caution the United States against taking for granted its position in Japan * * *. On the economic side, American business must realize that in Japan, as elsewhere, the situation is a competitive one."

Year in and year out, probably the consistently most substantial purchase Japan makes of American products is raw cotton. In this respect, she is and has been our single largest foreign buyer of this important crop. Accordingly, U.S. producers and sellers of raw cotton may be taking Japan's continued purchases for granted.

When, at the insistence of the U.S. cotton textile industry, the National Cotton Council—with whose grower-seller members the Japanese industry had had almost a century of personal and commercial relations—called upon the Secretary of Agriculture for a "section 22 relief" investigation in the autumn of 1959, the Japanese were rightly surprised and shocked. Combining in a single industry, responsibility both as the single largest non-U.S. purchaser of American raw cotton and as the single largest oversea supplier of cotton textiles to our market, the Japanese felt that they were a double target, as well they were.

Over recent years, on the average, Japan buys about five or six times as much raw cotton from the United States as she returns in raw cotton bale equivalents in the form of cotton manufactures. The balance Japan uses for her own domestic (home) market and for export to other customers than the United States.

Even though the Tariff Commission, after its investigation, rejected the recommendations of the Secretary of Agriculture as transmitted to them by the President there is no doubting that that gratuitous action against America's best raw

cotton customer over the years was not well received by those responsible for the formulation of Japanese policy in industry and in Government, especially in view of the solemn pledge "to prevent further restrictive action with regard to the importation of Japanese textiles into the United States" undertaken when Japan imposed its "voluntary" 5-year export quota program. The cautious reaction of American buyers of Japanese cotton textiles to this section 22 action resulted in the loss of several millions of dollars in cotton exports last year, as previously revealed information demonstrates. It proved to be an indirect impediment with direct consequences to Japanese exports to the United States.

The United States no longer is the only country with large stocks of raw cotton to peddle on the world exchange. Japan, however, is and will remain in the foreseeable future the largest prospective buyer of raw cotton on the world market that has the hard currency to pay for her purchases.

As this subcommittee is aware, Red China, on the Asian mainland, is fast growing into America's foremost competitor as the principal grower of raw cotton. By her forced totalitarian methods, she increased her raw cotton production at the rate of almost a million bales a year from 1957 to 1959, reaching a peak of 11,100,000 bales. Even though troubled by the worst year in the centuries-old agricultural history of China, when floods, disease, famine, and invasions of bugs and insects wrecked havoc all over the vast land area, she was able to harvest some 8 million bales, according to estimates of the International Cotton Advisory Committee.

As is to be expected, from time to time communistic China has offered some of this raw cotton to Japan but Japan has, thus far, failed to buy any but sample stocks.

The same situation exists with the Soviet Union, except that the purchase of an unspecified amount of raw cotton is mentioned in the recently concluded trade agreement. In 1959, Japan purchased 22,349 bales of Soviet raw cotton. Last year, though the quantity is still small, the purchases had doubled, to 44,833 bales. According to some Japanese millmen who have worked this cotton, the Russian raw cotton is about equal to U.S. Middling plus one thirty-second, compares favorably with California-grown cotton, and is sold for roughly 1 cent per pound less than its U.S. equivalent.

Concluding Comments

COMMITTEE STAFF FOREIGN TRADE REPORT

Though textiles are not specifically referred to, since it is an integral and important part of international trade and commerce, the staff report for the Senate Committee on Interstate and Foreign Commerce previously referred to, has special meaning.

The staff report, originally released at the specific request of now President Kennedy, begins with the obvious but oft forgotten explanation that "The foreign commerce of the United States of America today is infinitely more than the business of commercial interchange with other nations. It is a force in world affairs, reaching out to touch and in some degree influence, the attitudes of nations and the lives of men throughout the world.

"The values at stake in the way we direct and regulate this force cannot be expressed in tables of exports and imports, schedules of tariff rates, or the balancesheet of international payments. An American decision regarding international trade can topple or strengthen the Government of an underdeveloped state, cleave or cement an international alliance, confound or contribute to Communist expansionism. It can raise or lower standards of life, increase or decrease job opportunities, make or break industries in places as far apart as Karachi and Kalamazoo.

"It is with values of this kind, extending far into the realm of international affairs and deep into the economy of the Nation, that American trade policy today must concern itself and against which its adequacy must be measured.

"The ultimate test of adequacy is, of course, how well our trade policy serves the national interest. * * *

"The overriding interest of the Nation is to survive and advance in freedom. Manifestly, this interest demands security against attack, which in turn demands the continuing solidarity of the Western Alliance as a focal mechanism for resisting military, political, and economic aggression. The national interest of the United States is served—at a minimum—by policies which protect the cohesiveness of this alliance and which maintain our influence in its operations.

"The overriding interest of the Nation demands—again at a minimum—that we prevent the extension of Communist influence to additional areas of the world. Communism can be successfully resisted in the long run only by people who have an economic and social stake in the system which communism challenges; therefore, the United States has a clear-cut interest in advancing the economic progress of the non-Communist nations and in the diffusion of the benefits of such progress to the people of those nations. * * *

"Having said this much about what the national interest is, it is necessary also to say that the national interest is not and cannot be the sum of various and divergent parochial interests—geographical, political, economic, and commercial—which tend, quite naturally, to equate the national interest with their own. * * *

"The answer to the dilemma of parochial versus national interest is that the consequences of national policy must be generally shared. This is to say, quite simply, that where a decision in the national interest works hardship on a particular interest, the cost of alleviating the hardship should be borne not solely by the interest involved but by the Nation as a whole. More specifically in terms of foreign trade policy, if the national interest argues against the restriction of an import, and if the competition from that import is in fact injurious to an American industry, remedies other than import restriction should be available.

"This report proposes the alternative remedy of adjustment assistance. The resources of Government should be brought into play to assist an affected industry to improve productivity, move into new and more competitive lines, or otherwise adapt to the competitive situation without undue hardship.

"The trade adjustment principle adds a major new dimension to our capacity to pursue a foreign trade policy truly compatible with the national interest yet wholly constructive in its response to valid claims of hardship. * * *

"We believe our national trade policy should reflect our confidence in the power, the resiliency, the ingenuity and creative capacity of the American economy. * * * It should assert that we fear honest competition from no quarter on earth. It should serve notice that we intend to use all means at our command to expand world markets for our products, and that we intend to keep our own market open to all who want to do business with us on a fair and reciprocal basis.

"This report maintains that any other policy, in today's interdependent world, would be retrogressive. It argues, in the main, that an attitude favoring continuous effort to lower or remove barriers to the exchange of goods and services among the nations of the world is, on balance, more compatible with our responsibility for free world leadership, more consistent with the stated objectives of our foreign policy, more conducive to harmony and cohesion in the Western Alliance, and more effective in supporting the dynamic advance of our domestic economy. * * *

"The American economy is fully capable of this kind of trade policy provided the full thrust of domestic economic programs is directed toward the correction of basic inefficiencies, technological obsolescence, low productivity levels, area blight and similar weaknesses in the Nation's economy. These weaknesses not only retard growth at home; they detract from our capacity to compete successfully with the products of other nations in world markets and our own.

"As the impact of a vigorous domestic economic policy begins to produce long overdue adjustments in the Nation's internal economy, the need will diminish for protective departures from a foreign trade posture favoring less restricted external commerce. And the validity of that posture will become increasingly evident as the expanding American economy demands more and more raw materials, more varied products to satisfy the demands of a higher standard of living, wider and wider outlets for its output."

SENATOR MANSFIELD ON JAPAN TRADE

Senator Mike Mansfield of Montana, the truly distinguished majority leader of the Senate, transmitted a "Report on the Far East" to the Committee on Foreign Relations, of which he also is a ranking member. Part I of that report, dated October 21, 1960, is devoted exclusively to Japan and United States policies.

Although the entire report is commended to the subcommittee in order that the intricacies of our vital relationships with Japan may be better understood, of particular pertinency at these hearings are his sections 3 and 4, "Economic Factors" and "United States-Japanese Trade: The Key Factor", respectively.

Economic factors

"Perhaps even more significant to our policies than political forces and trends such as those discussed above are the economic factors in the Japanese situation. By whatever method it is measured, Japan's economic advance in recent years has been remarkable. Its rate of growth has surpassed that of Western Europe, the Soviet Union, and the United States. Moreover, the growth (estimated in 1959 to have been 16 or 17 percent) has not been merely a crude expansion of production of goods and services. Rather it has been accompanied by a flowering of inventiveness, design, and industrial skills of the highest order.

"The ordinary people of Japan have shared in the benefits of this growth to a considerable degree. Real wages have steadily increased. The economic status of the countryside is significantly improved. Per capita income now stands at about $300 and Japanese economists are predicting that it can be doubled in a decade. The present figure is already high above that for other nations in the region and approaching that of many European countries.

"The fact is that Japan is now a highly developed nation. Along with Western Europe, the United States-Canada, and the Soviet bloc, it ranks among the four great industrial complexes of the world. But the unprecedented economic dynamism and prosperity of Japan rest, to a far greater degree than any of the other three, on the foundation of foreign trade. The 100 million Japanese live in an area about the size of Montana with a population more than 100 times less. Arable land in Japan is extremely limited and already intensively cultivated. Considerable food and the great bulk of industrial raw materials which fuel Japanese industry must be imported. It is literally true that Japan must trade to live, let alone to live as well as it does and as well as it hopes to live in the next decade.

"In prewar years Japan's trade was oriented primarily toward China and southeast Asia. This trade has undergone a significant reorientation toward the United States in particular and to a lesser degree toward India, Africa, Latin America, the Middle East, and Europe. As noted, this shift has been accompanied by the emergence of a new division in Japanese exports between the 'rough' manufactured goods, such as cotton piece goods, which were the prewar specialties, and the growth in exports of labor-intensive goods, such as cameras, machine tools, and precision instruments during the postwar years.

"This new division is not without liabilities, for the markets for the new highly finished goods are becoming more important to the Japanese than ever before and these markets tend to be more resistant to Japanese intrusion precisely as they grow more important to the Japanese. The United States, for instance, has become reluctant to import a number of items, sewing machines for example, and Germany, a sizable importer of Japanese cameras in the past few years, is growing resistant on that item. This situation exerts further pressure on the Japanese to seek to reopen traditional markets in both China and southeast Asia. * * *"

United States-Japanese trade: the key factor

"Regardless of actual or expected trade elsewhere, Japan's commerce with the United States remains the key to its economic stability and, perhaps, the most significant external factor in the stabilizing of free political institutions in that nation. At the present time, this country takes 30.9 percent of Japan's total exports which in 1959 reached the figure of $3.6 billion. Moreover, a large share of these exports were products with a high input of labor.

"The large flow of Japanese exports to this country has caused some consternation, particularly in certain manufacturing lines in this country. To be sure, we cannot ignore the difficulties which face certain domestic industries and labor groups which have been adversely affected. But neither can we ignore the reverse side of the coin of Japanese exports.

"After Canada, Japan is traditionally the second largest market for U.S. exports. Over a period of 6 years (1953–58), Japan bought commercially substantially over $2 billion more from the United States than the United States bought from Japan. Japan has to find ways to earn dollars to pay for these

imports from the United States which in 1959 alone totaled $934 million. It is true that in that year, for the first time during the postwar period, Japan had a slight favorable balance in her commercial trade with the United States. In the first 7 months of 1960, however, U.S. exports to Japan increased by some 48.6 percent, and on the basis of present trends will reach an alltime high this year of about $1.3 billion, with a substantial balance in our favor.

"In this trade, Japan has become one of the largest and most important foreign markets for U.S. farm commodities, and annually purchases commodities worth between $400 and $500 million in cash payments. Japan is one of our largest single markets in the world for cotton, wheat, soybeans, barley, hides, and tallow, which are in heavy surplus in the United States. The U.S. Government, under the farm price-support program, purchases these commodities. If the Japan did not buy them from us, the American taxpayer would have to bear this additional burden.

"In short, it is time to face the fact in all honesty that we cannot sell to Japan many commodities which we desired to sell unless we are equally prepared to buy commodities which Japan must sell. This fact, on the whole, is being faced by the people of the United States. It must continue to be faced not only because it is economic realism but, perhaps, equally because of its great implications for stability in Japan and, hence, for the peace of the Nation and the Far East.

"The pattern of Japanese trade should in due course modify in the direction of a greater diversification of both markets and sources of supply. But any sudden or drastic shift in its present commerce with the United States, particularly in consequence of a deliberate policy on our part would not only mean an economic catastrophe for Japan but it would be a political disaster for freedom and our own security of the most tragic kind."

Senator Mansfield's comments and conclusions more than adequately summarized the position which we have taken before this subcommittee. We note with approval that the first of his six recommendations and concluding observations concerns reference to our mutually beneficial two-way trade.

"It seems to me," concludes the Majority Leader, "that we will serve our national interests and enhance the prospects for peace and stability in the Far East if, in our relations with Japan:

"(1) We keep open the channels for a large flow of trade in both directions and avoid sudden dislocations in this trade by arbitrary, one-sided, shortsighted policies; needless to say, the same dictum applies to Japanese trade policies respecting this Nation."

CONCLUSIONS

It may be more than coincidence that two new administrations are taking over the responsibilities of government in the United States and Japan at this time. President John F. Kennedy has called upon our citizenry to give, and not to ask, of our country in the launching of his New Frontier program. Prime Minister Hayato Ikeda has called upon his people to remain steadfast with the United States in a partnership that holds much promise for the future.

Today, we are engaged in a cold war, and the weapons include trade as among the more effective means of winning the ultimate victory.

Though Japan is now our ally, and a bulwark of our defenses against the Sino-Soviet imperialism in Asia, it is, paradoxically, one of the principal battlegrounds because of her strategic geographic position astride the approaches to and from the Far East, her industrial potential, and her requirements of trade to survive as a nation and as a people.

At the same time, Japan is the showcase of not only the democratic system of government but also of the competitive, free enterprise system in the Orient. Red China, with the techniques of communism and state socialism, is attempting to demonstrate not only to her own 600 millions, but to the hundreds of millions of other Afro-Asians emerging from colonialism to independence, that her way of government and industry are better suited to the basic needs, and the hopes and aspirations, of these newly free peoples who too must lift themselves up, by their proverbial bootstraps, from a backward feudalism into the middle of the 20th century and the Space Age. Japan, at the moment, is living proof that an Asian-African nation can successfully cope with the grave problems of this epoch while enjoying the benefits of a more abundant life with freedom and personal dignity.

Japan, however, remains the coveted prize of the Communist bloc. Her neutralization and subsequent subservience will not only demonstrate to most of the two-thirds of the world's population that is either uncommitted or within the totalitarian orbit, the superiority of communism as a way of life but, perhaps even more important strategically, will shift the balance of power in industrial potential, since they now have it in manpower, from the side of the free world to the slave.

Over and beyond Japan itself, the Sino-Soviet objective in international trade and commerce is to so isolate the United States that we shall be standing alone in a dangerous, tension-filled era, without friends and allies to come to our aid and support. Then, truly, communism shall "bury" us.

It is to avoid such a calamity that we speak out on behalf of freer, not more restricted, trade and commerce among the free nations of earth.

In the context of this tragic possibility that the Prime Minister of the Union of Soviet Socialist Republics has predicted for us, we are confident that neither the administration nor the Congress of the United States will fail to live up to their responsibilities of leadership, and will reject retrogression into isolationism through protectionism in any form, for the forward push toward the New Frontier—when all men may live in peace and dignity amidst abundance—that beckons those of good faith and vision.

APPENDIX A

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Senator THURMOND. I might say for the record that I suggested that the witness submit the system of quotas imposed by Japan. We can obtain that in other ways. You say you are not familiar with it.

Mr. MASAOKA. Yes, sir, but would you like us to submit that?

Senator THURMOND. No. We will obtain that. You just forget that.

Mr. MASAOKA. All right, sir.

Senator PASTORE. Have you anything to say, sir?

Mr. ISHIKAWA. No, sir.

Senator PASTORE. Thank you. We will now recess until 10 o'clock tomorrow morning.

(Whereupon, at 4:40 p.m., the hearing was recessed until 10 a.m. the following day, Tuesday, February 7, 1961.)

PROBLEMS OF THE DOMESTIC TEXTILE INDUSTRY

TUESDAY, FEBRUARY 7, 1961

U.S. SENATE,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
SPECIAL SUBCOMMITTEE ON PROBLEMS
OF THE DOMESTIC TEXTILE INDUSTRY,
Washington, D.C.

The subcommittee was called to order, pursuant to adjournment, at 10 a.m., in room 5110, New Senate Office Building, Hon. John O. Pastore presiding.

Senator PASTORE. It is now 5 minutes past 10 and we have a very long agenda today. I would like to accommodate all of our witnesses who have accepted our invitation to come here, because of the weather and because many of them would like to get back.

Our first witness today is Mr. William Pollock.

Is Mr. Pollock here?

Mr. POLLOCK. Yes, sir.

Senator PASTORE. Mr. Pollock, it is always a pleasure to have you as a witness, and to have your assistants, Mr. Canzano and Mr. Barkin.

You may proceed any way you desire, Mr. Pollock.

STATEMENT OF WILLIAM POLLOCK, GENERAL PRESIDENT OF THE TEXTILE WORKERS UNION OF AMERICA, AFL–CIO, ACCOMPANIED BY SOLOMON BARKIN, DIRECTOR OF RESEARCH, AND VICTOR CANZANO, CHAIRMAN, TARIFF AND INTERNATIONAL TRADE COMMITTEE

Mr. POLLOCK. Mr. Chairman and members of the subcommittee, I would like to begin by expressing the appreciation of myself and our organization for granting us this time to appear before you to make a statement on behalf of the workers in the textile industry.

With me today, I have the chairman of the tariff and international trade committee, Vice President Victor Canzano; and also the director of our research departments, Solomon Barkin.

As president of the organization, with your permission, I will read into the record a short statement, setting forth a number of recommendations, that if adopted, will be helpful in reactivating and stabilizing a very sick industry.

Senator PASTORE. Before you do that, Mr. Pollock, you have quite an intense and expansive statement, which is very broad in scope, on the textile industry in 1961, its problems and its needs, together with appendixes. We will put that in the record at this point in its entirety.

66226—61——19

(The document follows:)

STATEMENT OF SOLOMON BARKIN, DIRECTOR OF RESEARCH, TEXTILE WORKERS UNION OF AMERICA, AFL–CIO–CLC, RE THE TEXTILE INDUSTRY IN 1961: ITS PROBLEMS AND NEEDS

The problems currently confronting the textile industry and its workers are of the same nature as those presented during the 1958 hearings. The previous ceiling on total production has not been pierced despite the growth in population and the rise in national product; plants continue to be liquidated; the quantity of equipment is shrinking; and employment is declining. Man-hour productivity is rising so that fewer plants, machines and men are needed for the same total product. If there is anything really new in the industry it is that labor-saving innovations, in many cases imported or inspired by foreign sources, are surfeiting the industry.

Textile markets are being lost to other materials, but little is being done to develop new uses and create opportunities for expansion. Promising new lines of exploration and development have been noted, but the funds for such work remain trifling in face of the needs for expansion. While the industry spokesmen talk of new products, they are largely restricted to the apparel field so that they represent substitutions for older fabrics rather than innovations which will significantly expand demand.

The Bell Telephone System recently described total competition as "competition through service, quality, and product innovation, as well as price." But it added that in the textile industry "competition has not been expanded much beyond price. These industries do less research and little innovating."

The most troublesome aspect of the industry's prevailing reluctance to finance or organize broad-scale research for its own survival is that the threats to existing markets are literally multiplying. The erosion is continuous. Nonwoven products are making tremendous advances and paper threatens to be an even more formidable foe in the future.

The lack of enterprise in this industry is strikingly projected by the growing number of textile companies with nontextile affiliates. These have been acquired through purchase rather than being built up by the textile companies. Profits obtained in this industry are now being diverted to diversify the stockholders' interests. This dampens management's interest in the industry and discourages internal textile experimentation, research, and development. Several companies, in search of an easier road to higher earnings, are investing in foreign countries, usually through joint ventures with foreign nationals.

These domestic developments have been aggravated by the rising volume of imports into the United States. In 1960, estimates place the total imports as 1.3 billion square yards as compared with 0.6 billion square yards in 1958, and 0.9 billion square yards in 1959. The percentage of fabric imports either in the form of fabric, apparel or other items of domestic consumption has risen to 7 percent in 1960.

This year establishes several important landmarks in the intensification of the textile import problems. For the first time in 1960, imports of cotton textiles have begun to exceed exports. The present outlook is for continuing increases in imports and a shrinkage of exports. Secondly, domestic production of woolens and worsted fabrics declined this year, whereas imports actually increased in volume. Thirdly, a new major item of imports has appeared in the case of cotton yarns. Hitherto, the volume of such imports was insignificant, but in 1960 the total volume has exceeded 15 million pounds.

Relief has not been available against this growth in imports. The Eisenhower administration turned down the requests for restraints on imports of cotton and wool cloth, woolen gloves, carpets, and cordage, and eliminated the tariff-quota provision governing imports of wool cloth, substituting a higher tariff rate, which in practice will permit even greater imports.

The Kennedy administration is now considering the Tariff Commission's divided recommendation on imported twine to protect an industry which has truly been sharply injured by the volume of imports.

The passing of time has seen the appearance of new sources of textile competition. In the cotton industry, the new suppliers, in addition to Japan, include Hong Kong, the northeastern, eastern, and southeastern Asian countries, Portugal and Spain. In the woolen and worsted industry, we now have Italy in addition to Japan. In the silk industry Japan remains the major supplier. As for man-

made fibers, Japan has been added to the list of European suppliers. The increase in the number of suppliers has made it difficult to enforce the Japanese voluntary quota system and therefore endangered this program, which provided a defense against excessive imports.

A vague hope is being offered that the Committee on Market Disruption, established by the contracting parties of GATT at the suggestion of the United States in November 1960, may provide us with a further opportunity of protecting ourselves against imports from low-wage countries. But the attitude of our negotiators and the State Department will have to be changed very markedly before substantial assistance can be derived from that quarter. A liberal trade spirit suffuses the personnel of the State Department and pervades the task-force reports submitted to the President. It is true that President Kennedy has indicated his deep concern for the problems of the textile industry. Possibly, new approaches such as TWUA has suggested might provide the bridge for a constructive approach to this problem.

The workers in the textile industry have been victimized by management's sluggishness and the Government's casual attitude toward their plight. In the Eisenhower administration there was no understanding or appreciation for their problems and difficulties. Unemployment has consistently been at a higher than national rate among textile workers and in textile communities. They have been the human scrap heap. The unemployed have been without jobs longer in these areas than generally in the rest of the country. Recovery has been slower than in other areas. Unemployment insurance benefits have been less adequate for textile workers both as to amounts and duration. Many workers have floundered in the twilight zone between unemployment and retirement until their old-age benefits became available. Little aid has been offered them in their individual or community efforts at readjustment.

Your committee has already officially received a copy of the report of the Interagency Textile Committee. Its findings may be characterized as a blanket rejection of the proposals made by the Senate committee, except for the new statistical and economic study projects which have been undertaken. The statistical innovations have been useful. Only one of the special reports has been issued to date. The one dealing with textile research on which subject the TWUA urged that all of the special funds be devoted, is being awaited eagerly.

We therefore urge the subcommittee to reconsider the entire series of proposals which we have previously presented to it for consideration.

1. Textile development agency

We urge that a permanent textile development agency be established, designed: (*a*) to promote the further exploration of new uses, products and markets for the textile industry by promoting, financing, and engaging in economic, marketing, scientific and technical research through its own resources or those of other institutions; (*b*) to develop research resources, including fabric museums, libraries, design centers; and (*c*) to act as an educational agency. It should be constituted with full-time personnel representative of the various groups in, or supplying the textile industry, as well as the consumer industries and interests.

2. Safeguarded historical level of domestic production

TWUA has consistently urged upon Congress and various administrative agencies that the historical levels of domestic textile production should be safeguarded from foreign competition through a double tariff rate system, the higher of the rates being applicable to imports threatening the safeguarded level of production.

3. Elimination of tariff on raw wool

The tariff on raw wool should be eliminated, and the cost of the present incentive payments under the National Wool Act of 1954 should be paid out of the Treasury's general funds.

4. One-price policy for cotton

The price of raw cotton should be determined on the open market, with compensatory production payments to farmers equal to the difference between the price received and the support price for that portion of the crop which is used for domestic consumption or that is produced under a defined marketing program. There should also be a limitation on the size of the payments to be made to individual farmers.

5. Immediate governmental assistance to industry

As an immediate program of assistance to help this industry to recover from its depressed condition we propose:

a. Public contracts should be granted to mills in distressed areas.

b. At least 50 percent of the purchases of textiles for foreign use under our foreign aid program should be made in domestic mills.

c. Textiles should be distributed to the needy nations abroad.

d. Clothing and other textile products should be distributed to the needy in our country on the same principles as are applied to surplus food.

e. Textile stockpiles should be reestablished for our Armed Forces.

f. The area redevelopment bill should be adopted to provide Federal stimulation for the revival of the textile communities in distress.

6. Closing of corporate tax loopholes

Congress has the responsibility of preventing the abuses of the Federal tax system by persons seeking to make windfall gains at the expense of the Federal Treasury. The three special proposals we have offered and have documented in specific statements are—

a. Net loss carryovers should be denied to any taxpayer who terminates a business which incurred a loss if he does so within 3 years of acquiring it.

b. Gains from the liquidation of a business should be taxed at the regular income tax rates instead of under the capital gains tax provision.

c. Gains from municipal bonds used for subsidies to industry should be taxable.

7. Governmental protection for labor

a. A 35-hour week should be established during periods of economic recession within the textile industry with no reduction in weekly pay. The act providing for such shortened workweek shall stipulate the time when such a 35-hour week shall become effective and it should be administered by the Textile Development Agency.

The criterion for invoking the shorter workweek shall be a reduction of 15 percent in production worker man-hours from the level at the peak of the previous cycle as defined in the act. The act shall identify a specific 2-year span and each subsequent 2-year period shall be considered such a cycle. The Textile Development Agency shall be charged with the study of this procedure and make such recommendations for revision as it finds desirable.

b. The Taft-Hartley Act should be revised as follows:

(1) Section 14(b) shall be repealed so that the regulation of union security agreements will be preempted by the Federal statute. State right-to-work laws have hamstrung unions and denied workers full rights in organizing them. These laws have weakened unions and prevented equality in bargaining.

(2) Section 8(c) should be repealed so that the limitations effective under the Wagner Act on employer interference in elections and organization would be reestablished.

(3) Section (2) should be amended to define the term "employer" as it was defined under the Wagner Act.

(4) The act should be amended to permit certification through card checks and preelection hearings.

(5) The Board should be authorized to secure mandatory injunctions upon the Board's reasonable belief in the truth of charges alleging 8(a) (1) and (3) violations.

c. The Textile Workers Union of America believes that because of the specialized nature of the labor relations problems of the textile industry, thought should be given to the creation of a specialized board to administer the terms of the Federal Labor Relations Act for this industry.

d. In view of the large number of mill closings, special benefits should be provided to textile workers affected by them, particularly since they usually face severe reemployment problems. We recommend that the principles of the Transportation Act of 1940 be applied in a new act to be administered by the Textile Development Agency which shall provide separation allowances, financial aids for moving, occupational retraining benefits, and advancement of retirement eligibility under the social security law.

FULL STATEMENT

1. Textile production stagnant despite growing population

The American economy has been growing both as to the total volume of physical production and on a per capita basis. Real national production expanded from $321 billion in 1947 to $503 billion (1960 dollars) in 1960, or 56 percent. In contrast, textile fiber consumption in 1960 (6.2 billion pounds) was no greater than in 1947 (table 1).

With respect to broadwoven fabrics, production in 1960 (12.1 billion linear yards) was below that of 1947, 12.4 billion linear yards (table 2).

Textile production in 1959 rose sharply but fiber consumption was still below the postwar peak of 1950. Production of broadwoven goods in 1959 was less than the output in the years, 1950, 1951, 1953, 1955, and 1956. Of course, fiber consumption and yardage moved on a downward trail in 1960.

The stagnation of the textile industry from the point of view of output is even more sharply reflected in the per capita figures. Real gross national product in the United States rose by 26 percent between 1947 and 1960, to a level of $2,600 (1960 prices). But textile per capita fiber consumption declined from 44.5 pounds in 1947 to 35.7 pounds in 1960. Only in 1950, under the pressure of wartime needs, did the consumption level rise beyond the 1947 level, to 45 pounds. Since that time there has been an almost continuous drop, with the recent peak in 1959 (38.4 pounds) still 14 percent below the 1947 level. The per capita linear yard production has also dropped from 85.8 linear yards in 1947 to 67.1 yards in 1960. Per capita fiber consumption in 1958 and 1960 were below the 1957 figure. Per capita broadwoven fabric production in the years subsequent to 1957 have been below that year's rate of 70.8 linear yards.

The continuing inability of the industry to pierce the former production ceilings is symptomatic of the basic fact that there are serious challenges ahead with which the industry must deal. Some are basically remediable through management's own action; others require assistance and action by the government. But maintenance of this industry is, of course, dependent upon initiative being taken by both groups together and each separately.

2. Shrinking textile exports

One basic reason for the setback reported above is the continuing loss of foreign markets by this industry. Free world gross textile exports have not risen significantly and have declined as a percentage of world production. America's share of the world trade has dropped as has also the actual yardage. Cotton fabric exports were cut by two-thirds from 1947 to 1958. They have since dropped still further (table 3). The strained relations with Cuba have been a serious setback since it had been a major market for American fabrics. The United States is also losing out in the Canadian market to Japanese competition.

Much hope has been expressed at the possibilities of increasing exports to countries hitherto imposing import restrictions on American products. Special emphasis has been placed on the possible increases to some European countries. Actually, they represent a mere trickle. Synthetic yarn fabrics, particularly novelties and new fiber blends, have a significant but an essentially modest role to play in expanding the exports of textile fabrics. But it would be misplaced optimism to put any real reliance upon this outlet for changing the outlook for American textiles or considering that these exports could significantly counterbalance the threatened volume of imports.

3. Import threat is increasing significantly and dangerously

(*a*) *Imports have become a more serious threat.*—The problem of imports into the United States has become increasingly serious. What has become particularly significant during the last few years has been the marked expansion in the volume of imported apparel, yarn, knit goods, and other types of products. The estimates developed by the Northern Textile Association indicates that textile imports in a form other than cloth now exceed the volume of fabric imports in the case of cotton and manmade fiber products and equal to cloth imports of wool products. Only as to silks is the import in a form other than fabrics less than the quantity of fabrics brought into this country.

In the year 1960, the association's estimate is that the total volume of imports converted into a yardage basis represents 1.3 billion square yards, which is almost one-half larger than the 1959 volume and more than double the 1958 import total.

These imports represent a sharply rising proportion of the total volume of textile consumption in the United States. In 1960, imports accounted for 7 percent of textiles consumed (other than carpets and rugs). The ratio of imports to consumption was 15 percent in wool products, 70 percent in silk manufactures, 7 percent in cotton goods, and 3 percent in manmade fiber manufactures.

The degree to which textile imports have become more serious threats to the American textile economy is mirrored in the changes taking place in the last 3 years. First, the volume of cotton fabric imports in the United States has for the first time in 1960 exceeded the volume of exports. This was truly a historic landmark in the history of this country. Imports of countable cloths amounted to some 450 million square yards, which compares with exports of 430 million square yards.

Imports continue to come in primarily from Japan but Hong Kong is a close second. Three large exporters follow in close succession: India, Spain, and Egypt. The most marked increases have come from Hong Kong, Spain, and Egypt. A sharp rise is also reported for Portugal. The completion of the textile redevelopment programs in Egypt, Spain, and Portugal has made these countries new sources of materials. More capacity for export can be expected from the northeast Asian countries which are completing the construction of apparel and textile plants. It is significant that these countries have low wages but are in many instances introducing the most modern available equipment, which is operated by a management trained to follow the most modern techniques and procedures. They shun the use of used equipment and insist upon the advanced facilities.

The second development is the sudden skyrocketing of cotton yarn imports, which rose from a total of 1.4 million pounds in 1959 to 15 million pounds in 1960. This is a new problem and the major sources of these imports are Portugal, Spain, and Egypt, with a smaller volume coming from Brazil.

The third development is the disparity of the trends in American production and imports of woolens and worsteds.

For the first time in 1960, imports of woolens and worsteds continued to expand despite the drop in domestic production. The American industry reported an output of 311 million linear yards in 1959 but a 10-percent contraction in 1960 to 280 million linear yards. Concurrently, imports into this country have expanded from 46 million square yards in 1959 to an estimated total of 60 million in 1960, a rise of 23 percent. The effect of these imports has been aggravated by the continuing expansion in imports of men's suits and knit goods. No significant new national sources have become evident in this area.

The other textile divisions, including carpets, silks, and hard and soft fiber yarns, twines and rope, continue to suffer the difficulties imposed upon them by the shrinking markets enforced by rising imports.

The nature of the difficulties confronting the domestic industry has changed not in character but in intensity. The future is even more foreboding as newer countries enter upon the production of textiles and apparel and seek to increase their foreign markets, finding one easily accessible in the United States. These imports have already captured a sizable proportion of the American market and will erode even larger shares.

(*b*) *The Eisenhower administration did little to restrain the inflow of imports*—The complaints about the difficulties caused by imports have multiplied over the last few years but no remedies have been implemented. In fact, the Eisenhower administration turned down all but one application for assistance and aggravated the plight of the woolen and worsted industry by relaxing the limitations on imports previously promulgated by this same administration.

The most important single innovation regulating the flow of imports into this country was the voluntary quota system negotiated with the Japanese Government respecting cotton fabric and products. No such formal understandings have been subsequently developed for other items in the textile industry though Japan has spoken of establishing such quotas through its own machinery. The voluntary Japanse quotas have been endangered by the failure to secure similar restraints on other countries, particularly Hong Kong and India, and now Portugal and Spain. The increase in the flow of imports from these countries has caused considerable concern among the Japanese and prompted them to ask for a liberalization of their own quotas. In effect, it has made voluntary and bilateral understandings most untenable. This temporary improvisation has become less useful with the passage of time.

The Eisenhower administration had occasion to consider a petition from the National Cotton Council, which claimed that imports were impairing the Department of Agriculture's export program for cotton and cotton products. The Tariff Commission decided against this petition and its findings were accepted by the President.

Petitions for tariff adjustments by the velvet and wilton carpet industry and the woolen glove industry were denied.

There are petitions pending before President Kennedy respecting binding and industrial twines on which the Tariff Commission issued a divided opinion, and which are awaiting a decision (app. I, statement of TWUA to President Eisenhower respecting this issue).

The only relief granted recently was the approval of the Tariff Commission's recommendation that the ad valorem rates for typewriter-ribbon cloth should be restored to those originally provided under the Tariff Act of 1930, except that there was no change in the rate for typewriter-ribbon cloth made of staple cotton.

The other major change was made in the tariff regulations respecting the woolen and worsted industry effective as of the beginning of this year. The previous tariff quota system provided for the maintenance of an ad valorem rate of 25 percent for a volume of imports equivalent to 5 percent of domestic production, and a rate of 45 percent for all imports in excess of this volume. The new rate structure in effect prescribes a single rate of 38 percent for all imports and a minimum of 76 cents for fabrics having a foreign value of $2 a pound or less, which was aimed particularly at the imports from Prato, Italy, of woolen fabrics made of reused wool.

The Textile Workers Union of America had taken a position in opposition to this change, believing that it did not provide a proper method of attacking the source of the unfair competition from Prato and actually lowered the effective rate on imports, thereby tending to encourage a higher volume. We urged that Prato goods which were made in homework shops be denied the advantages of the most favored nation provisions. As a result of the new ad valorem rate structure the Prato manufacturers have determined that they will shift from the production of reused wool to virgin wool fabrics and continue to utilize their system of homework production to maintain their lower costs. At the end of this changeover, this area will again become active competitors in this market. The announced plan of the Amalgamated Clothing Workers Union to boycott Japanese wool fabrics starting May 1 has caused a temporary decline of imports from that source. Unless a fixed system of control over these imports is developed, there is little doubt that there will be a continuing rise in the total volume of woolen and worsted imports (app. II, TWUA position on new woolen tariff system).

In the more recent years under the Eisenhower administration, Under Secretary of State Douglas Dillon became responsive to the problems caused by imports from low-wage countries. He urged that the contracting parties of the GATT seek to deal with the market disruption caused by such problems. He delivered his first appeal in Tokyo in December 1959, and by November 1960 the contracting parties agreed to a permanent Committee on Market Disruption. But as presently conceived this organization can be of only limited importance, though it might in the long run open the way to multilateral agreements establishing specific physical limitations on the volume of trade among countries where exports might cause serious structural changes in the economy of the importing country. We do not want to foreclose the long-term possibilities which this mechanism may provide, but it is a completely untried instrument at the present time.

The staff of the State Department yielded most reluctantly to this entire device and looked upon it as a mechanism for short run adjustments rather than long-term regulation. The task force reports submitted to President Kennedy have given little encouragement that this mechanism would be utilized in any way other than to foster even broader concepts of liberal trade relations. There will have to be a more profound understanding of the structural dislocations and problems caused by such textile imports, before we can hope that the State Department will be inclined to utilize this device for the purposes which we would strongly urge upon them.

Another proposal which has gained some favor in liberal trade circles has been the suggestion for trade adjustment, which would extend financial aid and technical assistance to individuals and plants adversely affected by liberal trade arrangements. There are many difficulties in the way of enforcing such

a provision. One of the most difficult would be to identify the workers and the plants adversely affected by trade. We have already testified that one would have to force one's evidence to try to pinpoint the specific area of impact of foreign trade, since most of the effects are indirect. Moreover, these provisions are no substitute for a carefully reasoned and developed understanding of the trade problems and the methods of dealing with them.

(c) *Textile industry historic levels of production should be safeguarded.*—The TWUA has previously presented to your committee its conviction, and support for its position, that there should be safeguarded levels of national production with tariff rates adequate to assure the continuance of this volume of output. Such trade as we develop beyond this level may be subject to lower ad valorem rates.

4. Textile consumption restrained by loss of markets

The most significant domestic problem affecting the textile industry is the loss of traditional markets. In our previous submission we observed that "the demand for textiles in household and industrial uses has not kept pace with the great expansion in production in these fields. Markets formerly served by textiles have been taken over by substitute products, particularly plastics and paper. The textile industry has hardly tapped the potentialities for product development opening up as a result of changes in household and industrial needs."

The above conclusion is equally applicable at the present time. There has been no apparent expansion of uses for textiles. On the contrary, there is every indication that the substitution movement is being accentuated. A slight rise took place between 1957 and 1959 in the end use of fiber consumption for home furnishings (from 1,451 million pounds to 1,620 million pounds), but the slowdown in the economy in 1960 has cut back on the increase. Practically no rise in consumption of fibers for industrial use took place between 1957 and 1959, when the figures were 1,229 million and 1,295 million pounds, respectively. Again this upswing has been offset by a later reduction. One of the household areas suffering a contraction in demand has been curtains. The decline in new home construction and the rise in the building of apartments as over against small homes will further constrict this market. The upturn in the importance of the compact car will sharply curtail the demand for textiles by the automobile industry. Other items continuing to decline are laundry supplies; filtration, rope, cordage, and twine products; bags and bagging; tents, and tarpaulins.

As for apparel demands, the proportion of personal consumption expenditures devoted to apparel continues its downward trend. In 1957, expenditures on these items had dropped to 7.5 percent of total consumption expenditures, and the available information indicates that it was further constricted to 7.2 percent in 1960. The special report, "Textile Outlook for the Sixties," published by the Department of Commerce, concludes that "the present pattern (of the declining relation of apparel expenditures to total consumer expenditures) is not abnormal in terms of postwar social and economic conditions. Furthermore, as these conditions seem likely to prevail during the period of the sixties, it is believed that existing patterns of expenditures for clothing, in relation to disposable income, will continue as in the postwar period to date."

The grave challenge facing the industry is to press its research into new areas in order to find new products and markets which would at least compensate for some of its losses. Unfortunately, there is no real evidence of significant moves in this direction. The research and development expenditures for textile mill products industries are relatively lower than for other industries, with the exception of foods and kindred products. In 1960 it is estimated by McGraw-Hill Publishing Co. as being $35 million, or 0.24 percent of sales, or only one-tenth of the rate of expenditures of all manufacturing industries. Actually, the rate of research expenditures in the last 2 years was below that of 1954, 1957, and 1958 (table 4). The rate of expenditures as a percentage of sales in other manufacturing industries has practically doubled from 1953 onward, but at best it has remained stable in textiles. The performance of the textile industry is quite picayune when contrasted with an expenditure rate of 28.26 percent in the electrical machinery industry, which has some of the most expansive divisions of the American economy.

The opportunities for new uses are illustrated by the development of the three-dimensional contour-weaving procedure which combines the jacquard mechanism and other devices, opening up the possibilities for using fabric for reinforced

plastics and other uses in commercial, industrial, and residential building. It is conceivable that the use of this fabric in the construction field could well exceed in volume that of the flat fabric now woven for clothing manufacturers (app. III). Unfortunately, the research efforts continue to lag behind the needs.

It is surprising that resistance to the idea of large scale industry efforts in this field persist, in the face of the recent action by the North Carolina textile manufacturers in endorsing the appropriation of $180,000 by the State of North Carolina to investigate the possibilities of applying nuclear energy and digital computers to textile manufacturing processes; the National Cotton Council's aggressive support for special Federal funds for the promotion of research on raw cotton; the wool industry's earnest efforts in the field of raw wool uses. Why cannot the entire textile industry adopt the same principles for its own salvation and energetically support a movement for even more widespread research in this area?

The individualistic nature of the leadership of this industry has hitherto inhibited industrywide action in the area of research. As indicated in the prevous testimony, several efforts in this field began ambitiously at the close of the war but have since been given up or have dwindled to anemic proportions. Individual company research is self-defeating, Dr. R. D. Wells of the Fabric Research Laboratories Inc. has declared. "There are projects of a nature and scope which are beyond the ability of a single concern to underwrite, but which, if successful, would gain an individual company just as much—if not more—than if they had been attempted on an exclusive basis." He further added that "few, if any, of the participating concerns can muster units of talent and financial support, individually, on a scale to really tackle and master the far-reaching technical and marketing developments that are needed to keep this industry and its membership in step with the rest of the economy."

The evidence is mounting daily that other industries are benefiting from research in new products and developments. The textile technicians assure us that there is a promising amount of scientific knowledge which could be explored for new markets. They are quite ready to write the prospectuses for such efforts and to estimate the costs and types of projects which can be undertaken.

It is our hope that the special study of the "New End Uses for Textile Products," which has not yet been published, will carry this project one step forward. It is urgent that a formal mechanism be established to promote such research and development.

5. Productivity of mills and men is increasing

While the industry has not been doing much toward expanding its markets or generating new demand, it is increasingly responding to the opportunities for installing new machinery and effecting new economies in production. As a result, man-hour and capital productivity are both rising. The immediate future promises even more impressive increases as the current flock of new techniques is applied. The textile industry is following in the train of other industries by adopting the most advanced managerial techniques for production, but it has not gone as far as others in planning production, developing markets or changing merchandising methods. Our primary plea is for its leaders to catch up to the most advanced lines of development in American industry. The continuance of the present lag will mean higher productivity, more displacement of employees and a contracting rather than an expanding industry.

Most of the expenditures in this industry are on new equipment rather than on physical expansion. As a matter of fact, most new structures being built are for the purpose of improving existing facilities rather than creating entirely new ones. Reports from the U.S. Bureau of the Census indicate that less than one-sixth of the moneys spent on capital expenditures are devoted to new structures and most of these are in establishments currently in operation (table 5). This conclusion is further supported by the estimates made by McGraw-Hill Publishing Co., which place the ratio of funds going to expansion at less than 20 percent (table 6).

This tendency is likely to continue in view of the present mental outlook of the leaders of the industry and the literal flood of new machines and production techniques. The two machinery shows in the United States in 1960 disclosed that many new opportunities are being offered, both by American and foreign machinery manufacturers. From the point of view of labor-saving devices, the most impressive are the Unifil device and the shuttleless looms, both of which eliminate the need for rewinding and battery-filling and the attendant opera-

tions. Automatic doffing machines have been released by four different sources, two of which are foreign.

Most significant is the current drive for further automation of the production line. This goal has been frequently talked about. There are now practical illustrations offered by the Japanese, who are selling a highly mechanized spinning system which is automatic in character. The entire spinning operation will require only one man for the opener unit; one for the drawing; two for the spinning; and one for the winder. The five-man unit will displace some 40 to 60 employees required on a traditional unit (appendix IV). The Deering, Milliken organization reports that it will soon build a completely automatic spinning mill in South Carolina. A third group is also nearing the announcement of its own continuous, automatic system.

The advances to date have significantly raised man-hour productivity in the industry. In 1960, it is estimated that the output per man-hour had risen to 15.3 square yards, which is 70 percent above the level attained in 1947. Over this 13-year period, the average rate of increase was 4.5 per cent a year. But actually, of course, this is a rough measure of the industry's achievements in lifting the man-hour productivity (table 7). Currently, a new wave of economies is being introduced which will have an exceedingly important effect.

The outlook for the future is equally or even more striking. Even the administrative engineer of the Saco-Lowell Research and Development Center in Clemson, S.C., recently declared that "we do expect production per textile man-hour to increase 60 percent during the next 10 years," even though he assumed no spectacular technological breakthrough for this calculation. Should the move to automation be realized to the degree suggested by current innovations, the above rate will be exceeded.

These changes will truly alter the nature of the work in the industry. The new machinery is advancing productivity by means of higher speeds, larger packages, reduced machine downtime attained by automatic lubrication and cleaning, and the use of sturdier machines and preventive maintenance. Manual jobs are being eleminated and auxiliary labor for cleaning is becoming an anachronism. Material handling is being done by monorails, chutes, conveyors, and fork trucks. The physical efforts required for creeling and doffing are being eliminated through mechanization. The piecing-up operations are being facilitated or mechanized. Automatic leveling devices are improving quality, and instruments are eliminating manual supervision and heralding the day of complete automation.

The mills in this industry have had the funds needed for the continued modernization of their equipment and structures. In fact, they have not had to borrow significant sums for this purpose since they could well finance these purchase programs from their internal resources. A comparison of the estimates of capital expenditures for the total industry and depreciation charges deducted by corporations suggests that in most years the latter have been sufficient to cover the total cost of such capital expenditures, and particularly if the latter are restricted to funds devoted by establishments currently in operation (table 5).

A study of textile mill product capital expenditures for 1957 corroborates this conclusion. Capital expenditures for establishments in operation amounted to $289 million, of which $236 million was spent on equipment. Depreciation and depletion charges amounted to $261.6 million, or 90 percent of the total capital expenditures. Depreciation and depletion charges exceeded capital expenditures in the broadwoven fabric division, the most important section, and knitting mills. The divisions where there was a large spread between the charges and expenditures, in order of the size of the spread, were carpets and rugs, narrow fabrics and yarn and thread. These spent more than their depreciation charges. This was an exceptional year for the carpet and rug industry, during which many firms expanded in completely new forms of carpet manufacture and built new southern plants (table 8).

The ability of this industry to finance this modernization program is further attested by the impressive proportion of the value of its assets for which it has already accumulated depreciation reserves. Those large-scale writeoffs have been attained despite the $6.5 billion in new investment in new plant and equipment recorded during the postwar years. At the end of 1957, the accumulated depreciation funds for textile mill products plants represented 48 percent of the $5 billion of depreciable or depletable assets held by this industry (table 9). The ratio was still higher in the yarn and thread, narrow fabrics, knitting and miscellaneous textile goods industries. The low ratio of 31 per-

cent in the carpet and rug industry was due to the vast amount of new capacity added to this industry with the building of southern units.

There are no serious deterrents to the modernization of the industry from the point of view of introducing new machinery. It is proceeding as fast as the new equipment proves itself profitable. Mr. T. E. Stribling, Jr., director of research of the Werner Textile Consultants, recently made it clear that the current emphasis on the importance of depreciation schedules and allowances upon the rate of installing new changes has been overemphasized. He has observed that during his years of experience he "cannot remember a single instance where a capital expenditure was not made due to the depreciation schedules in effect * * *." His own conclusion is that "not only would a more liberalized (depreciation) schedule not accelerate capital expenditures, but in some respects would tend to have a detrimental effect upon the long-term health of our industry."

The industry has on the whole been weaned over to an interest in purchasing labor-saving and quality improving equipment. The problems of this industry do not stem from backwardness in this area.

6. Productive capacity grows but physical size shrinks

The increased productivity of machinery in the industry and the stagnancy of its market have had two seemingly contradictory effects. First, the industry's productive capacity has increased. Second, its physical size has been reduced by the closing of mills and the scrapping of equipment.

An estimate of physical capacity of the industry developed by the McGraw-Hill Publishing Co. indicates that there has been a 26-percent rise in the industry's capacity since 1951. The new machines are more productive and therefore enable the industry to produce more if needed. In the period from 1957 onward, its capacity has risen by 12 percent, almost 4 percent per annum (table 10). Of course, not all of this capacity has been used. The reported preferred level of operations is 97 percent, but even in 1959, the industry managed to achieve only 92 percent. The rate for 1960 will be much lower. Presumably this will be a signal for the further liquidation of some marginal capacity in the industry.

As productivity has risen, the physical size of the industry has been shrinking through the liquidation of plants and the scrapping of equipment. In our previous testimony we summarized the list of closings as reported in the newspapers through the year 1957. Plant closings have not ceased in the subsequent 3 years. In all they totaled 128 units employing 33,190 persons. We are, moreover, certain that some closed plants are not included in this series because they were not reported in the newspapers (table 11). The closings were relatively high in the woolen and worsted industry, totaling 38 plants and 8,670 employees. These eliminations have further reduced the size of this industry. The losses in the cotton-synthetic division numbered 53 plants employing 18,840 persons. Both in 1958 and 1960 a large number of plants were closed in this field. For the entire period from 1946 through 1960, the total closings exceeded 845 plants with 230,000 employees.

These liquidations have not been limited to any particular region, though the incidence was highest in the older sections. The closings in the South for the 3 years 1958–60 numbered 25 plants employing 11,590 employees (table 12). For the entire period since 1946, the total southern liquidations are 202 plants employing 54,290 persons, or almost one quarter of the total.

It is not enough to report on plant closings because some of the equipment might be shipped to other plants and, moreover, some new plants have been built, though they are modest in number. In addition, existing plants have been scrapping part of their equipment. The net result of the entire process is reflected in the amount of equipment actually in place. This record carries the previous submission up to date, and reinforces the above observations that the contraction of size is taking place while total capacity is growing. In the years subsequent to 1957, reductions took place in the number of cotton, woolen, and worsted spinning spindles in place, and in the number of looms in cotton and woolen and worsted mills (table 13). Slight increases are reported in the number of worsted combs and in looms in silk and synthetic mills. But these latter figures are not truly indicative of any trend.

The regional impact of the processes of contraction was most diverse. The number of cotton system spindles dropped in both New England and the South, though at a faster rate in the former. While the number of woolen and worsted spinning spindles dropped in both New England and the Middle Atlantic States,

they increased slightly between 1957 and 1959 in the South (table 14). The number of worsted combs rose in both New England and the South, though at a faster rate in the latter.

7. Manpower continues to drop in industry

The stagnation of textile production and rising productivity have sharply reduced the manpower needed in the industry. The number of production workers stood at 1,146,300 in 1947. It dropped to 947,800 in 1954 and fell again in 1958 to 826,000. It is probable that a current census would reveal a further drop. The U.S. Bureau of Labor Statistics reports that the number of production workers in December 1960 was 3 percent below the 1958 level (table 15). Each of the major divisions has been seriously reduced in size.

The results of this shrinkage had different impacts on the employees in various parts of the country. The most recent peak in the industry's employment occurred in February 1951, at the time of the Korean war. As of November 1960, there has been a drop in total employment of 32 percent, which is the same as in the April 1958 period. The sharpest reduction occurred in New England, with a curtailment of 61 percent, which compares with 55 percent in April 1958. There has been an intensification of the setback in the Middle Atlantic States as compared with April 1958, when the reduction in employment from February 1951 was 41 percent compared to the current decline of 47 per cent. Employment in the South in November 1960 was slightly higher than in April 1958, as was true also in the Midwest and far Western States. However, these levels were appreciably below February 1951 (table 16).

As a result of these displacements, many communities have been sharply affected and many have become communities with chronic unemployment and substantial labor surplus. In table 17 these areas are listed. They include 10 New England labor markets formerly relying substantially on the textile industry, 9 in the Middle Atlantic States and 5 in the Southern States.

Along with rising unemployment, textile workers have recently been suffering from shorter working hours so that their income has been sharply reduced.

8. Management moves toward diversification and foreign investments point to need for industrywide action

The contraction in the industry has meant serious difficulties for many companies, investors and, primarily, workers. Many workers who had devoted their lives to their jobs in the industry have been left stranded without employment or alternative job opportunities. In addition, the communities in which they lived have been adversely affected. No action has been taken to date truly to help these groups overcome their difficulties.

The traditional answer to this plight is that in the long run there will be a readjustment. People will move to the places where there are jobs. The stranded communities will revive if they have any economic justification. But these vague, optimistic statements have not yet paid off for the textile worker.

Moreover, the investors and the corporations within the industry are taking a new look for an easier road to profits. We have already commented in our preceding presentations on the numerous illustrations of mergers having taken place, to exploit the provisions of the Federal income tax laws to offset profits by losses of acquired companies. As a result, many such mergers have taken place, and the stockholders of both the acquired and the acquiring corporations have been enriched at the public's expense without any real benefit to the economy as a whole or to the specific industry. Several of our proposals are directed at preventing such cannibalizing of industrial ventures.

A second road which a number of companies are following is to diversify their investments in nontextile ventures. The number of companies in this list is increasing rapidly. The two outstanding cases (Textron and Botany) started their diversification moves by trading on favorable tax positions (resulting from loss carryovers). However, in recent years, moves by textile companies into nontextile fields have proceeded irrespective of tax considerations. A number of textile companies, including the Bell Co., the Gera Corp., and Powdrell & Alexander, Inc., have shifted their operations entirely to nontextiles lines, although the last-named remains in textiles through a subsidiary (table 18).

A third track companies are following is to organize subsidiaries or engage in joint ventures abroad for the purpose of benefiting from the growing textile market in these countries. There is no complete list of companies making such investments, but several illustrations of recent developments may be suggested. Burlington Mills has recently organized a subsidiary in Glarus, Switzerland,

for such activities. The Berkshire Knitting Mills of Reading, Pa., and the American Viscose Co. have opened operations in Spain. The J. P. Stevens Co. is engaged in a joint venture in the Netherlands. In Germany, at least the following can be identified: Allenberg Cotton Mills, of Memphis, Tenn., in Bremen; American Design Associates, of Wilmington, Del., in Frankfurt; William Gueth; of Brooklyn, in Goeppinger; E. T. Robertson, of Boston, in Bremen; Werner Wolf and Hans Hayman, of New York, in Rohtex; Walter Bareiss, of Greenwich, Conn., in Salach. In England, Cluett Peabody; Jantzen; Penn Elastic Co.; Trubenizing Process Corp.; Pellon Corp.; West Point Manufacturing Co.; Chemstrand Corp. and others have subsidiaries.

These and many other ventures in this field suggest that mobile capital can find easier ways of solving the challenge confronting the textile industry, than coming to grips with the problems with which it is faced. They are seeking higher returns irrespective of the ultimate national and local consequences of these ventures.

CONCLUSIONS

The industry's problems are serious. It has learned how to improve man-hour productivity. Many of its leaders have acquired new ways of making money despite the industry's continuing difficulties. They exploit our tax laws to capitalize on the difficulties of some corporations for their own private advance. The merger process continues to enrich some investors primarily at the expense of the public coffers without any real benefits to the industry.

The continuing contraction in the industry's physical size must be stopped, not by any arbitrary orders but by deliberate efforts to expand its products and markets. The reserve of technical knowledge necessary for this purpose is available. Several promising advances in this area have been realized. The great challenge is to find a method of organizing the industry's resources for a crash program of finding commercial and industrial uses for this scientific information. It is entirely practical for us to consider finding markets of the size currently served by apparel in the housing, construction, and transportation industries. All that is truly lacking is the will and the structure for achieving these purposes. The only possible agency for successfully achieving this purpose is one that would be established by the Federal Government.

The need for such innovations is great and urgent. Many textile communities have been laid to waste by the closing of mills. Many more will be unless the demand for textiles broadens. Entire regions of the country have been built upon the textile industry; namely, New England, the northern New York area, the coal areas of Pennsylvania, and the Piedmont South. Despite stupendous efforts, the redevelopment programs in these regions have not been impressively successful. More may be achieved through stronger and more far-reaching programs, but basically the most economic approach is through the renascence of the textile industry. It is the cheapest and most promising one.

One major need at the present time is to protect the industry in this period of transition from the devastating blows of foreign competition. Several restraints have been hitherto erected. There were the voluntary quotas by Japan, and the tariff-quota provisions of the woolen and worested trade controls. But the first is proving inadequate as more low-wage countries are seeking to export their textile production, and the second has been canceled by deliberate American policy. A new policy is needed.

The policies of liberal international trade must be compromised with the realities of America's needs and problems. The United States needs a textile industry. Moreover, at the current rate of modernization, it is likely that much of the industry will in time be converted into such a low-cost unit as to be able to withstand many outside competitors.

The further contraction of the American textile industry will intensify the problems of economic development of regions already confronted with areas of chronic unemployment and other areas of great underdevelopment. By allowing a continuing rise in imports, this country is making its own problems of redevelopment that much more difficult.

The maintenance of the American industry is essential to the well-being of the international textile industry. The economic resources of our manufacturers have made the American industry the laboratory for the installation of new technical advances, developed both at home and abroad. The further reduction of the U.S. industry would slow up the technical advance of the world textile industry.

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15. Establishments and production-worker employment in textile mill products industry, by division, 1947, 1958, and October 1960.
16. Employment in the textile mill products industry, by State, February 1951 and November 1960 (thousands).
17. Textile areas of substantial labor surplus, November 1960.
18. Textile companies which have extended operations into nontextile fields.

TABLE 1.—*Fiber consumption, 1929–60*

	Total [1] (millions of pounds)	Per capita (pounds)		Total [1] (millions of pounds)	Per capita (pounds)
1929	4,005	32.9	1955	6,666	40.3
1933	3,646	29.0	1956	6,474	38.5
1939	4,532	34.6	1957	6,169	36.0
1947	6,418	44.5	1958	5,986	34.4
1950	6,828	45.0	1959	6,802	38.4
1954	6,008	37.0	1960 [2]	6,420	35.7

[1] Mill consumption of cotton, wool, silk, and manmade fibers.
[2] Partly estimated.

Sources: Fiber Consumption, Textile Economics Bureau, Inc.

TABLE 2.—*Total and per capita production of broad-woven fabrics, 1939–60*

	Total production (millions of linear yards)				Per capita production (linear yards)
	Total	Cotton	Silk and synthetic	Woolen and worsted [1]	
1939	10,191	8,421	1,410	360	77.8
1947	12,371	9,817	2,039	516	85.8
1948	12,405	9,640	2,267	498	84.6
1949	10,923	8,406	2,086	414	73.2
1950	13,091	10,013	2,578	471	86.3
1951	12,887	10,136	2,350	375	83.5
1952	12,160	9,514	2,294	351	77.4
1953	12,946	10,203	2,410	338	81.1
1954	12,283	9,763	2,238	281	75.6
1955	12,969	10,090	2,568	311	78.5
1956	12,840	10,250	2,263	327	76.3
1957	12,117	9,534	2,289	294	70.8
1958	11,627	8,974	2,382	271	66.8
1959	12,410	9,599	2,500	311	70.1
1960 [2]	12,080	9,400	2,400	280	67.1

[1] Refers to production of fabrics containing 25 percent or more wool by weight through the 1st half of 1950, and 50 percent or more wool since that time. Wool fabrics woven on cotton, silk, and synthetic looms are excluded before 1951.
[2] Partly estimated.

Source: U.S. Bureau of the Census.

TABLE 3.—*Exports of cotton and manmade fiber fabrics, 1947–60*

[Millions of square yards]

	Cotton	Manmade		Cotton	Manmade
1947	1,480	233	1956	512	193
1950	559	151	1957	553	171
1951	802	178	1958	501	157
1954	605	201	1959	472	166
1955	542	199	1960 [1]	430	150

[1] Partly estimated.

Source: U.S. Bureau of the Census.

TABLE 4.—*Research and development expenditures of the textile mill products industry and all manufacturing industries, 1953–60*

	Textile mill products		All manufacturing, percent of sales		Textile mill products		All manufacturing, percent of sales
	Amount [1]	Percent of sales			Amount [1]	Percent of sales	
	Million				*Million*		
1953	$26	0.21	1.13	1957	$37	.28	2.04
1954	33	.27	1.31	1958	34	.27	2.48
1955	33	.24	1.43	1959	35	.24	2.43
1956	33	.24	1.74	1960 [2]	35	.24	2.44

[1] Computed from indicated percentages of sales and amounts of sales reported by U.S. Department of Commerce.
[2] Planned.

Source: McGraw-Hill Publishing Co. and National Science Foundation.

TABLE 5.—*Depreciation charges and capital expenditures of textile mill products industry, 1946–60*

[Millions of dollars]

	Depreciation charges (corporations only)	Capital expenditures								
		Office of Business Economics estimates, total	Bureau of the Census data							
			All establishments			Establishments in operation			Establishments under construction		
			Total	Structures	Equipment	Total	Structures	Equipment	Total	Structures	Equipment
1946	102	342									
1947	122	510				368	105	263			
1948	147	618									
1949	170	471				419	76	342			
1950	186	450				420	74	346			
1951	206	531	414	98	315	405	94	312	8.1	4.3	3.7
1952	218	434	330	83	248	323	79	244	7.6	3.6	4.0
1953	238	378	264	59	205	256	54	201	8.0	4.7	3.4
1954	255	331	230	46	184	226	44	181	4.1	2.0	2.1
1955	285	366	269	55	215	262	50	212	7.1	4.6	2.5
1956	304	465	303	58	245	297	53	243	7.0	5.0	2.0
1957	321	408	291	54	237	289	53	236	1.5	1.0	.5
1958	329	288									
1959	345	412									
1960 [1]		520									

[1] Estimate based on anticipated capital expenditures as reported by businessmen in October and November 1960.

Source: U.S. Department of Commerce, except for depreciation charges for 1958 and 1959 (McGraw-Hill Publishing Co., Inc.).

TABLE 6.—*Proportion of capital expenditures going for expansion, textile mill products industry, 1950–59*

	Percent		Percent
1950	22	1954	5
1951	43	1957 [1]	26
1952	30	1958 [1]	18
1953	10	1959	16

[1] Planned.

Source: McGraw-Hill Publishing Co., Inc.

TABLE 7.—*Employment, man-hours, production and productivity of the basic textile industry, 1947–58*

	Production workers [1]		Production [2] (millions of square yards)	Productivity (square yards per man-hour)
	Employment (thousands)	Man-hours (millions)		
1947	768.7	1,589	14,373	9.0
1948	784.3	1,603	14,446	9.0
1949	680.9	1,322	12,658	9.6
1950	718.5	1,490	15,216	10.2
1951	707.9	1,438	15,000	10.4
1952	654.3	1,320	14,056	10.6
1953	642.6	1,307	14,977	11.5
1954	567.5	1,123	14,387	12.8
1955	566.0	1,185	15,284	12.9
1956	549.5	1,143	15,615	13.7
1957	513.7	1,040	14,655	14.1
1958	476.8	955	14,154	14.8
1959	477.0	1,014	15,178	15.0
1960 [3]	461.0	970	14,800	15.3

[1] Covers scouring and combing plants, yarn and thread mills and broadwoven fabric mills.
[2] Broadwoven fabrics.
[3] Partly estimated.

Sources: Production workers, U.S. Bureau of Labor Statistics. Production and productivity, computed from U.S. Bureau of Census.

TABLE 8.—*Depreciation charges and capital expenditures of textile mill products industry, by division, 1957*

Division	Depreciation and depletion charges	Capital expenditures of establishments in operation	Ratio of depreciation charges to capital expenditures
	Millions	*Millions*	*Percent*
Total, textile mill products	261.6	289.1	90
Woolen and worsted manufacturers	24.7	27.0	91
Yarn and thread mills	27.3	38.0	72
Broadwoven fabrics, except wool	91.0	87.0	105
Narrow fabric mills	4.6	7.3	63
Knitting mills	53.3	46.1	116
Finishing textiles, except wool	23.9	(1)	(1)
Carpets and rugs	17.4	36.1	48
Miscellaneous textile goods	18.2	19.7	92

[1] Not available.

Source: U.S. Bureau of the Census.

TABLE 9.—*Accumulated depreciation and gross value of depreciable assets of textile mill products industry, by division, Dec. 31, 1957*

Division	Accumulated depreciation and depletion to Dec. 31, 1957	Gross book value of depreciable or depletable assets Dec. 31, 1957	Ratio of accumulated depreciation to value of assets
	Millions	*Millions*	*Percent*
Total, textile mill products	$2,379	$4,984	48
Woolen and worsted manufacturers	232	494	47
Yarn and thread mills	300	596	50
Broadwoven fabric mills, except wool	929	1,907	49
Narrow fabric mills	45	86	52
Knitting mills	375	724	52
Finishing textiles, except wool	214	492	43
Carpets and rugs	105	339	31
Miscellaneous textile goods	165	320	52

Source: U.S. Bureau of the Census.

TABLE 10.—*Textile mill capacity: Expansion and rates of operation, 1951–60* [1]

	Index of capacity, December 1950=100	Actual operating rate, percent of capacity		Index of capacity, December 1950=100	Actual operating rate, percent of capacity
1951	101	[2]	1956	111	90
1952	102	[2]	1957	113	80
1953	105	[2]	1958	116	87
1954	103	88	1959	121	92
1955	109	93	1960 [3]	127	[2]

[1] All data as of end of year.
[2] Not available.
[3] Planned as of end of 1959.

Source: McGraw-Hill Publishing Co., Inc.

TABLE 11.—*Number of mills and employees involved in textile mill liquidations, by industry branch, 1946–60* [1]

Year	Cotton-rayon		Woolen and worsted		Dyeing and finishing [2]		Total	
	Mills	Employees	Mills	Employees	Mills	Employees	Mills	Employees
1946	[3] 4	[3] 300	2	450	1	200	7	950
1947	[3] 13	[3] 5,500	11	2,000	3	200	27	7,700
1948	[3] 26	[3] 9,300	22	3,000	12	1,600	60	13,900
1949	[3] 36	[3] 9,000	31	5,400	8	1,400	75	15,800
1950	24	2,600	17	3,900	4	950	45	7,450
1951	28	5,600	17	2,800	4	1,500	49	9,900
1952	29	8,800	33	17,500	8	1,900	70	28,200
1953	28	7,750	29	10,700	11	1,700	68	20,150
1954	38	12,600	41	20,900	15	1,200	94	34,700
1955	46	10,850	37	8,050	18	1,870	101	20,770
1956	35	9,100	24	8,250	4	750	63	18,100
1957	26	9,435	14	5,400	18	4,420	58	19,255
1958	23	11,710	18	4,125	18	3,410	59	19,245
1959	14	3,750	8	1,415	5	910	27	6,075
1960	16	3,380	12	3,130	14	1,360	42	7,870

[1] Includes only cotton-rayon, woolen and worsted, and dyeing and finishing plants.
[2] Excludes small New York City area dyers.
[3] Excludes narrow-fabric mills.

TABLE 12.—*Textile mill liquidations in the South, 1946–60*

	Plants	Employees		Plants	Employees
1946	2	400	1955 [1]	21	4,300
1947	9	1,800	1956 [1]	22	6,790
1948	15	2,820	1957 [1]	15	6,270
1949	31	7,700	1958 [1]	13	6,560
1950	5	900	1959 [1]	4	2,640
1951	1	600	1960 [1]	8	2,390
1952	9	1,900			
1953	21	4,660	Total, 1946–60	202	54,290
1954	26	4,460			

[1] Excludes hosiery mills.

TABLE 13.—*Textile mill equipment in place, 1929–60*

[Thousands]

Year [1]	Worsted combs	Spinning spindles				Looms		
		Cotton	Woolen		Worsted	Cotton mills	Silk and synthetic mills	Woolen and worsted mills [2]
			Other than carpet mills	Carpet mills				
1929	[3] 2,712	34,800	2,333		[3] 2,510	654	[4]	57
1933	[4]	30,900	[4]	[4]	[4]	[4]	[4]	[5] 46
1939	[6] 2,490	25,300	[6] 1,534	[6] 150	[6] 2,036	437	100	43
1945						412		
1947	2,656	23,730	1,295	151	1,921	394	107	37
1954	2,374	22,564	691	[4]	1,214	369	112	22
1955	2,092	22,219	689	129	950	367	109	19
1956	1,751	21,553	632	119	809	356	100	17
1957	1,569	21,075	627	119	712	350	92	16
1958	1,558	20,681	619	106	660	327	97	14
1959	1,587	20,111	600	100	633	324	96	14
1960 (November)	[4]	19,951	[4]	[4]	[4]	[4]	[4]	[4]

[1] End of period.
[2] Excluding pile fabric and jacquard looms.
[3] Figure for 1930; 1929 not available.
[4] Not available.
[5] Figure for 1934; 1933 not available.
[6] Figure for 1940; 1939 not available.

Source: U.S. Bureau of the Census.

TABLE 14.—*Distribution of textile equipment in place, by region, 1939–59*

Type and year [1]	New England		Middle Atlantic		South	
	Number (hundreds)	Percent of total	Number (hundreds)	Percent of total	Number (hundreds)	Percent of total
Cotton system spinning spindles:						
1939	5.96	24	(2)	(2)	18.21	73
1949	4.68	20	(2)	(2)	18.22	78
1957	2.27	11	(2)	(2)	18.67	89
1959	1.62	8	(2)	(2)	18.37	91
Percent change, 1939–59	−73		(2)		1	
Worsted combs:						
1939	1.823	70	0.674	25	(2)	(2)
1949	1.915	71	.671	25	.080	3
1957	.917	59	.286	18	.333	21
1959	.924	58	.189	12	.440	28
Percent change, 1939–59	−49		−72		(2)	
Woolen spinning spindles: [4]						
1939	986	54	464.5	26	154.0	8
1949	750	53	339.5	24	165.8	12
1957	345	46	160.8	22	163.7	22
1959	333	48	131.5	19	168.3	24
Percent change, 1939–59	−66		−72		9	
Worsted spinning spindles:						
1939	1,564	73	484.9	22	40.4	2
1949	1,267	69	414.1	23	95.8	5
1957	292	41	104.3	15	296.4	42
1959	240	38	67.0	11	310.9	49
Percent change, 1939–59	−85		−86		670	

[1] As of May 1939, December 1949, and December 1957.
[2] Not available.
[3] Includes Midwest and Far West as well as the South.
[4] Includes carpet and knitting mills.

Source: U.S. Bureau of the Census.

TABLE 15.—*Establishments and production worker employment in textile mill products industry, by division, 1947, 1958, and October 1960*

Division	Establishments			Production workers			
	1947		1958	1947 (thousands)	1958 (thousands)	October 1960 [1]	Percent change, 1947 to October 1960
	Total	20 or more employed	20 or more employed				
Total, textile mill products [2]	8,157	(3)	4,683	1,146.3	82.6	815	−29
Total, yarn and thread mills, except wool	685	(3)	445	143.6	89.1	83	−42
Yarn mills, cotton system	474	(3)	311	116.7	71.6		
Yarn throwing mills	122	105	85	13.8	7.8		
Thread mills	89	48	49	13.1	9.7		
Total, cotton and synthetic broadwoven fabrics	1,082	(3)	707	407.5	302.7	287	−30
Cotton	575	(3)	397	316.3	227.7		
Synthetic	507	415	310	91.2	75.0		
Total, woolen and worsted manufactures	810	(3)	435	166.8	67.7		
Scouring and combing plants	56	(3)	45	7.8	5.4		
Yarn mills, except carpet	200	152	112	31.5	14.2		
Woolen and worsted fabrics	495	396	232	122.4	44.3	40	−67
Finishing wool textiles	59	45	46	5.1	3.8		
Narrow fabric mills	480	(3)	242	25.3	21.5	22	−13
Total, knitting mills	3,121	(3)		211.8			
Full-fashioned hosiery mills	738	419	242	65.1	30.2		
Seamless hosiery mills	618	(3)	495	61.4	64.9		
Knit underwear mills	172	169	121	37.5	24.4		
Knit outerwear mills	1,199	(3)	635	30.4	52.6		
Knit glove mills	44	(3)	(3)	4.6	(3)		
Knit fabric mills	306	(3)	181	11.8	15.7		
Knitting mills, n.e.c.[4]	44	14	(3)	.9	(3)		
Finishing textiles, except wool carpets, rugs, and other	641	408	390	69.0	62.6	64	−7
Total, floor coverings	295	(3)		50.8	42.0	41	−19
Wool carpets and rugs	95	82	87	35.6	21.3		
Carpets and rugs, except wool	182	72	122	6.4	13.9		
Hard-surface floor coverings	18	(3)	14	8.8	6.8		
Total, miscellaneous textile goods	773	(3)	454	52.7	44.9	47	−11
Felt goods, n.e.c.[4]	46	31	28	4.2	3.6		
Lace goods	96	52	68	7.9	5.8		
Padding and upholstery filling	139	(3)	83	7.4	5.9		
Processed textile waste	179	75	68	5.1	3.8		
Coated fabric, except rubberized	105	(3)	64	6.9	7.5		
Cordage and twine	149	(3)	71	14.5	8.2		
Other textile goods	59	(3)	72	6.8	10.1		

[1] Partly estimated by TWUA, AFL–CIO–CIC.
[2] Includes hats (except cloth and millinery).
[3] Not available.
[4] N.e.c.—Not elsewhere classified.

Source: U.S. Bureau of the Census.

TABLE 16.—*Employment in the textile mill products industry, by State, February 1951 and November 1960*

[Thousands]

Region and State	Employment (wage and salary workers)		Change, February 1951 to November 1960	
	February 1951	November 1960	Number	Percent
United States [1]	1,365	925	−440	−32
New England	286.1	110.6	−175.5	−61
Maine	27.5	[2] 12.6	−14.9	−54
New Hampshire	21.1	11.7	−9.4	−45
Vermont	5.2	1.0	−4.2	−81
Massachusetts	125.0	44.6	−80.4	−64
Connecticut	41.6	14.3	−27.3	−66
Rhode Island	65.7	26.4	−39.3	−60
Middle Atlantic	307.2	164.2	−143.0	−47
New York	96.1	63.0	−33.1	−35
New Jersey	65.8	28.2	−37.6	−57
Pennsylvania	141.7	70.8	−70.9	−50
Delaware	3.6	2.2	−1.4	−39
South	669.9	574.2	−95.7	−14
West Virginia	2.9	1.9	−1.0	−35
Maryland	11.6	[3] 5.7	−5.9	−51
Virginia	42.7	35.5	−7.2	−17
North Carolina	244.2	219.9	−24.3	−10
South Carolina	139.8	129.1	−10.7	−8
Georgia	114.8	97.7	−17.1	−15
Alabama	55.5	38.3	−17.2	−31
Mississippi	6.0	5.2	−.8	−13
Tennessee	39.9	31.8	−8.1	−20
Arkansas	2.3	2.1	−.2	−9
Texas	10.2	7.0	−3.2	−31
Midwest	32.2	20.3	−11.9	−37
Illinois	13.5	9.8	−3.7	−27
Minnesota	4.9	2.7	−2.2	−45
Wisconsin	[4] 10.1	[4] 5.7	[2] −4.4	−44
Missouri	3.7	2.1	−1.6	−43
Far West	8.2	6.6	−1.6	−20
California	8.2	6.6	−1.6	−20

[1] Data include States not shown separately.
[2] December 1960.
[3] October 1960.
[4] Production worker employment.

Source: State departments of labor.

TABLE 17.—*Textile areas of substantial labor surplus,*[1] *November 1960*

New England:
- Maine:
  - Biddeford-Sanford
  - Lewiston-Auburn
- Connecticut:
  - Danielson
  - Norwich
- Rhode Island:
  - Providence-Pawtucket[2]
- Massachusetts:
  - Fall River[2]
  - Lawrence-Haverhill[2]
  - Lowell[2]
  - New Bedford[2]
  - North Adams

Middle Atlantic:
- New York:
  - Amsterdam
  - Auburn
  - Gloversville

Middle Atlantic—Continued
- Pennsylvania:
  - Berwick-Bloomsburg
  - Lewistown
  - Meadville
  - Scranton[2]
  - Sunbury-Shamokin-Mount Carmel
  - Wilkes-Barre-Hazleton[2]

South:
- Maryland:
  - Cumberland
- North Carolina:
  - Fayetteville
  - Mount Airy
- Alabama:
  - Florence-Sheffield
  - Jasper

[1] 6 percent or more of labor force unemployed.
[2] Major area.

Source: U.S. Bureau of Employment Security.

TABLE 18.—*Textile companies which have extended operations into nontextile fields*

[Company and extent of nontextile operations]

Textron, Inc.: 71 nontextile plants accounted for 83 percent of the company's sales in fiscal 1960.

Botany Industries, Inc.: 8 nontextile subsidiaries far outweigh operations of 2 textile subsidiaries. In 1959, 4 nontextile subsidiaries accounted for more than ½ of company's net income.

Adams-Millis Corp.: MAC Panel subsidiary (acquired in 1958), manufacturer of control panels, wires, accounted for 62 percent of company's profits in 1959. Another subsidiary (Southern Die Casting & Engineering) was added in 1960).

American Manufacturing Co.: Nontextile operations acquired in January 1960 (Safety Industries, Inc.) made twice as much sales in 1959 as did American. Company merged with Century Investors and Webster Investors in August 1960. Company is also largest stockholder in Mergenthaler Linotype Co. and has 2 additional nontextile subsidiaries: Automatic Timing & Controls, Inc., and Entoleter.

Trans-United Inds., Inc. (formerly Artloom Industries, Inc.): 2 nontextile subsidiaries (United Metal Cabinet Corp., and City Iron Works, Inc.) were acquired in 1959 and a third was set up in 1960 (Dynacron Electronics Corp.), so that nontextile sales are expected to exceed textile.

Bell Co.: Discontinued worsted fabric business in 1959 and now operates 3 nontextile divisions.

Chadbourne Gotham, Inc.: Division producing lime and stone (acquired in 1956) accounts for 5 percent of sales.

Fulton Cotton Mills, Inc.: 2 nontextile subsidiaries acquired in 1959 operate 10 plants (Continental Gin Co. and Precasco Corp.).

Gera Corp.: Discontinued textile operations in 1959 and now operates 3 divisions and 1 subsidiary: 1959 sales amounted to $45,000,000.

Ludlow Corp.: 4 plants are operated by 2 nontextile divisions producing plastics and paper specialties.

Plymouth Cordage Co.: 2 subsidiaries acquired in 1956 (J. C. Rhodes Co. and W. W. Cross Co.) produce tacks, nails, and eyelets, and 1 acquired in 1960 (Wilson & Toomer Fertilizer Co.) produces fertilizer in 4 plants.

Powdrell & Alexander, Inc.: Discontinued textile operations in 1955 and acquired Pepsi-Cola Bottling Co., Cincinnati, which accounted for all of the company's $7,000,000 sales in 1959.

Scranton Corp.: Nontextile subsidiary (Hal Roach Productions, Inc.) acquired in 1958.

Stevens, J. P. & Co., Inc.: In 1959, set up Kimberly-Stevens Corp., jointly with Kimberly-Clark Corp. to develop nonwoven materials.

United Merchants & Manufacturers, Inc.: Conmark Plastics Division produes plastics. 3 subsidiaries provide various types of financing (United Factors, U. M. & M. Credit Corp., and U. M. & M. Financial Corp.).

APPENDIX I. LETTERS FROM TWUA GENERAL SECRETARY-TREASURER REGARDING TARIFFS ON HARD-FIBER CORDS AND TWINES AND BINDING TWINES

TEXTILE WORKERS UNION OF AMERICA,
New York, N.Y., December 16, 1960.

President DWIGHT D. EISENHOWER,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I am writing on behalf of the workers employed in the manufacture of hard-fiber cords and twines (except binding twines) to urge you to accept the findings of Commissioners Schreiber and Sutton in investigation No. 7–91 that tying twines are being imported into the United States in such increased quantities as to cause serious injury to the domestic industry. The Textile Workers Union of America, AFL–CIO, CLC, supports the recommendations of these Commissioners that the duty on cords and twines be increased from 15 percent ad valorem to 30 percent.

It is difficult for us to comprehend how two Commissioners could have interpreted the facts in this case in such a way as to conclude that increased imports have not caused serious injury to the domestic industry. Consider the first principal consideration cited by Commissioners Talbot and Jones:

"1. U.S. production of hard-fiber cords and twines (tying twines) has been reasonably stable during the last decade, with *only a slight downward trend* * * * The relative stability of domestic production and the *moderate increase in imports* during the last decade do not, in our opinion, indicate that relief under the escape-clause procedure is warranted." [Emphasis added.]

The data in table 1 of the statistical appendix to the Commission's report to the President throw a strange light on the above quotation. In order to measure the trend during the last decade it is obviously necessary to consider the data for the full 10-year period. Yet the aforementioned Commissioners confine their analysis to a comparison of the 3-year period 1951–53 with the period 1957–59. This shows a decline of 10 percent in domestic production (from an annual average of 21 million pounds to 19 million) and an increase of 33 percent in imports (from 27 million pounds to 36 million).

Do these changes merit the characterizations "slight" or "moderate"? Consider the consummate effect of these changes on the proportion of the U.S. market accounted for by imports: in the 1951–53 period, it amounted to 56 percent, and in the 1957–59 it had jumped to 66 percent. Is this a "slight" or "moderate" deterioration in the domestic industry's position? Even on the basis of the two periods which Commissioners Talbot and Jones chose to use for comparison, it is evident that increased imports have caused serious injury to the domestic industry.

A more meaningful basis for comparison would encompass the full decade 1949–59. This would avoid the distortions created by the Korean war and would take into account the changes during the most recent period as well as the longer term trends. The recent changes in imports are completely ignored in the Commissioners' analysis: the use of an annual average of 36 million pounds for 1957–59 omits the fact that imports actually increased by 28 percent between 1957 and 1959 (from 32 million to 41 million pounds).

Between 1949 and 1959 domestic production declined by 47 percent (from 29 million to 19 million pounds) while imports rose by 273 percent (from 11 million to 41 million pounds). The proportion of the U.S. market accounted for by imports increased from 28 percent to 68 percent, hardly a "moderate" change.

If it be argued that use of a single year at the beginning and end of the decade may not be sufficiently representative, consider the results of a comparison of the two 3-year periods which are a decade apart: the annual average of domestic production in the period 1947–49 was 24 million pounds and in the period 1957–59 it was 19 million, a decline of 21 percent. Imports averaged 12 million pounds a year in 1947–49 and 36 million in 1957–59, an increase of 200 percent. The proportion of the U.S. market absorbed by imports rose from 33 percent in the 1947–49 period to 66 percent in the 1957–59 period.

No amount of statistical legerdemain can hide the fact that rising imports have hurt this industry—and hurt it badly. Four of the thirteen companies operating in the industry 5 years ago have been forced to discontinue. The liquidation of another plant has just been announced. How many more of the remaining plants will have to be closed before relief is forthcoming?

The liquidation of plants and the scrapping of equipment have meant a permanent loss of employment opportunities for many cordage workers. People who had devoted years to the acquisition of the skills and experience needed by the industry have been displaced. They have found these skills unwanted in other industries and much personal suffering has resulted. Older workers have had particular difficulty finding new jobs.

We urge you to prevent the disastrous consequences of further plant liquidations in this industry. These plants are generally the principal sources of employment opportunities in the small communities in which they are located. The workers in these communities look to the Federal Government to prevent the destruction of their jobs by rising imports. An increase in the tariff duty on tying twines is essential to the survival of the domestic industry.

Very truly yours,

JOHN CHUPKA,
General Secretary-Treasurer.

TEXTILE WORKERS UNION OF AMERICA,
New York, N.Y., December 16, 1960.

President DWIGHT D. EISENHOWER,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: On behalf of the workers employed in the manufacture of binder and baler twines, I urge you to adopt the findings of Commissioners Schreiber and Sutton in investigation No. 7–90 that binding twines are being imported into the United States in such increased quantities as to cause serious injury to the domestic industry. The Textile Workers Union of America, AFL–CIO, CLC, supports the recommendation of the aforementioned Commissioners that a duty of 30 percent ad valorem be imposed on such twines.

The general statement of facts contained in the report to the President provides ample evidence to support the findings and recommendation of Commissioners Schreiber and Sutton. I would like to focus your attention in this letter on one aspect of this case which, while covered in the report, is not given the emphasis which it deserves. I refer to the human aspect.

This is an industry with a long history in the United States. It has grown up mostly in small towns. The people who work in the plant have generally been employed in producing twine for the greater part, if not all, of their productive years. Many of them are children and grandchildren of men and women who had also worked in the same mills. Many of the plants are the principal source of employment opportunities in their communities. If they were forced to close, it would be calamitous for the people of these communities. The human and social costs of such an eventuality are grievous to contemplate.

The findings of Commissioners Talbot and Jones indicate that it is possible for men to differ on the interpretation of a set of facts. However, we suggest that it is significant that the findings of these Commissioners include only one paragraph dealing with the human aspects of the problem (par. 3, p. 37). Moreover, it is doubly significant that this paragraph is devoted to the following points:

1. The decline in man-hours of employment in the domestic industry reflects not only a reduction in output, but also improved techniques and more efficient utilization of labor.

2. "Although the total number of workers engaged in the production of binding twines declined in 1954–59, average hourly wage rates increased about 25 percent in that period."

What conclusions are implied in these two points? Would Commissioners Talbot and Jones argue that the workers in an industry whose production has declined are not entitled to any increase in hourly rates, regardless of the increase in production per man-hour? Surely the principle of sharing the gains of increasing productivity through higher wages is too firmly established in American industrial practice for there to be any serious question on this score. Indeed, in the instance case, the increase in wage rates (25 percent) is only a

small fraction of the actual increase in productivity (60 percent). For all American industries the average increase in wage and salary rates during this period was 28 percent, compared to an average increase in man-hour productivity of 16 percent. It is evident, therefore, that the increase in hourly wage rates in this industry was quite modest in relation to the rise in productivity.

No matter how Commissioners Talbot and Jones may choose to interpret the facts concerning the demise of this industry, there can be no question that it is in a demise. With domestic production falling steadily since 1951 (from 193 million pounds in that year to 86 million in 1959, a drop of 55 percent) and imports increasing year after year (from 58 million pounds in 1951 to 240 million in 1959, a jump of 314 percent), no amount of rationalization can gainsay the reality of industrial deterioration. To the workers of this industry a continuation of this trend can mean only one thing: the loss of their jobs. Man-hours of employment have fallen by 64 percent in the past 5 years. Three of the 11 companies in operation 5 years ago have been forced out of business. How many more of the remaining plants will have to be liquidated before relief is forthcoming?

As Commissioners Schreiber and Sutton point out, "rarely has a situation been brought to the attention of the Commission which exemplifies as dramatically as does the plight of this industry the type of injury that Congress intended to alleviate under the escape clause." We urge you to fulfill the promise implicit in the escape clause of the Trade Agreements Act. Do not permit this old and vital American industry to be wiped out by foreign imports.

Very truly yours,

JOHN CHUPKA,
General Secretary-Treasurer.

APPENDIX II. RESOLUTION OF TWUA EXECUTIVE COUNCIL ON WOOL FABRIC TARIFF, NOVEMBER 1960

The State Department's announcement that the tariff-quota system for control of wool fabric imports will be discontinued on January 1, 1961, is a cruel blow to the workers employed in the hard-pressed woolen and worsted industry.

By automatically triggering an increase in the ad valorem tariff rate from 25 to 45 percent whenever imports exceeded 5 percent of the annual average of domestic production in the 3 preceding years, the tariff-quota system afforded the American industry a measure of assurance that imports would not be permitted to destroy it completely. The elimination of the tariff-quota abandons the domestic industry to the ravages of uncontrolled imports.

The new tariff rate of 38 percent, with a fixed duty of 76 cents a pound on fabrics selling between $1.25 and $2 a pound, and 60 percent for lower priced fabrics, will provide domestic producers with an occasion to raise their prices, but the ultimate consequence can only be the loss of their markets to foreign imports.

Clothing manufacturers, who had used the imports brought in under the 25 percent duty to moderate their average cost level, have already announced that they will increase their clothing prices for their entire lines. The American people will have to foot the bill for these price increases. But the American wool textile industry will reap no long-term benefits from this action.

This industry has suffered from a massive deterioration since the war. Some 304 mills were liquidated between 1946 and the end of 1959, destroying the jobs of 94,000 workers. Employment has fallen from 167,000 production workers in 1947 to 65,000 today.

Meanwhile, imports have skyrocketed. They jumped from 4.2 million square yards in 1946 to 18.5 million in 1950, and reached a record of 34.8 million in 1956. The implementation of the tariff quota under the Geneva reservation in 1957 was instrumental in curbing the rising tide of imports until 1959, when a new record of 46.4 million square yards was reached. In the last 8 months of 1960, the record has again been smashed as imports rose to 49.8 million square yards, indicating a total for the year of over 60 million.

Our experience during the last 4 years is clear proof that a tariff rate of 38 percent is below the peril point for the domestic wool textile industry. Even the rate of 45 percent which has become effective in each year since 1957 as soon as imports reached 5 percent of domestic production, has been insufficient to safeguard the industry from sharply rising imports.

In 1957, 1.9 million pounds of cloth came in at the 45-percent duty. In 1958 the quantity in excess of the breakpoint amounted to 2.2 million pounds. In 1959 it jumped to 9 million pounds, and in the last 8 months of this year more than 10 million pounds of wool cloth have been imported since the 45-percent duty became effective on March 4.

Reduction of the wool cloth duty from the present maximum of 45 percent to a flat 38-percent rate will sound the death knell of the domestic industry. Without a step-up in the rate when imports reach the 5 percent level, there will be no bar to the complete capture of the American market by foreign producers who pay only a small fraction of the American wage scale. Moreover, the practice of many foreign producers of wool cloth of employing home workers in bedroom shops where wages are even lower than in the mills and where social benefits are nonexistent, enables many foreign producers to market wool cloth at such a low cost that no tariff barrier could keep their products from underselling ours.

Therefore be it resolved by the Executive Council of the Textile Workers Union of America, AFL–CIO, CLC, That we urge President Eisenhower to cancel the proposed new tariff rates so that the fate of the wool textile industry can be given further study by the incoming administration. We also urge President-Elect Kennedy to give consideration to the following in the interest of preserving this old and vital American industry:

1. The tariff-quota system has proven indispensable to the task of safeguarding the historical level of domestic production and it should be maintained and strengthened.

2. The tariff rate of 45 percent ad valorem has been demonstrated to fall below the peril point for the wool textile industry and it should be increased to a level which would prevent further serious injury to this industry.

3. The problem of imports produced under substandard conditions in the country of origin requires a special provision and should be handled by withdrawing the benefits of the most-favored-nation clause of the General Agreement on Tariffs and Trade in accordance with article XXIII.

4. The ultimate solution of the problem of sharply rising imports of wool cloth must be developed within a system of quotas limiting the quantities of imports for each category of cloth on the basis of the safeguarded historical levels of domestic production.

APPENDIX III

[Excerpted from Product Engineering, Mar. 21, 1960, "Contour Weaving Gives 3–D Preforms for Reinforced Plastics"]

NEWEST PROCESS FOR SHAPING FABRIC REINFORCEMENT GIVES HIGH GLASS CONTENT, CONTINUOUS FIBERS, AND CONTROLLED GLASS DISTRIBUTION—THREE ADVANTAGES HARD TO GET FOR IRREGULAR-CONTOURED SHAPES LIKE A HELMET LINER

(Arthur R. Campman, technical service, Raymond De-Icer & Engineering Co., Huntington Park, Calif.)

A new technique for making glass fabric preforms used in reinforced plastic parts, called contour weaving, combines the key advantages of three other important Fiberglas-reinforced processes (Product Engineering, Jan. 11, 1960, p. 47), and bypasses some of their limitations. By adapting established weaving processes, 3-dimensional cloth preforms can be fabricated in symmetrical or irregular shapes. This means you can now specify FRP structures with the following unusual features:

1. The high strength that comes from the high glass content possible with hand layup, without the costly hand fit-up this process requires on double-contoured parts.

2. The continuous reinforcement feature of the filament-winding process, without the restriction of shape to surfaces of revolution that the winding process imposes.

3. The control of preform density obtainable with the wet-slurry method, without the limitations on max glass content inherent in this and other chopped-fiber preform processes like air preforming.

WHY 3-D REINFORCEMENT?

Impetus for development of contour weaving came from the unique requirements for reinforced plastic radomes in aircraft and missiles. Precise thickness and density control is the major need here, difficult to achieve when surface contour becomes irregular. This is because flat-woven fabrics can be distorted by only a limited amount, even though certain weaves—like satin weave—better lend themselves to draping over double curvatures than do plain weaves. But even the satin weave, with its ability to slip and wrack, will not follow the contours of many molds without wrinkling or overlapping.

To compensate, techniques of cutting gores into the fabric have been devised, and thousands of yards of glass cloth are laid up by hand daily this way. While this works for open-mold processes, matched metal-die molding poses a stability problem: the glass cloth must stay in position during mold closure. In some instances sections are pasted in place, but slippage often results. In others, sections are sewn together, but resulting heavy ridges in the part create resin-starved areas.

Knit fabrics are one answer; they will readily conform to an irregular surface because they are so elastic. This turns out to be a disadvantage: knitted fabrics thin out when stretched, giving too much variation in fiber/resin ratio. Then, too, springback makes the preform hard to hold in place. For these reasons, knit preforms are seldom specified.

To avoid such molding problems, stemming from the 2-dimensional character of conventional fabrics, the weaving process itself was studied closely. By combining old techniques like Jacquard programing with new ideas like weaving a fabric in folded form, contour weaving emerged, which does away with hand fitting while retaining the essential, desirable qualities of woven reinforcement. A simplified explanation of how the technique works is given in the accompanying sketches. Finished 3-D preforms can be employed with either matched metal-die molding or in hand layup processes for final fabrication of the FRP part.

Note that these fabrics are truly contoured in three dimensions. There are 2-dimensional fabrics of appreciable thickness—towelling, carpeting, and heavy multi-ply webbing, for example. One new fabric gets a 3-D effect by employing two or more distinctive yarn types, each with a different degree of shrinkage when chemical treated—giving a pucker effect. These basically 2-dimensional fabrics are rarely used in reinforced plastics, and then not for double curvature problems.

DESIGN CONSIDERATIONS

The loom is controlling factor in the process. What limitations, if any does this place on design? Based on experience to date, these design guides will be found useful:

Material.—Practically any continuous filament with adequate flexibility can be loomed. Primary emphasis so far has been on glass as a standard. Contour-woven honeycomb (and Product Engineering, Mar. 14, p. 17) has been manufactured in not only glass, but cotton, nylon, stainless-steel wire, and other special drawn wires. Fiber materials can be mixed, in special cases.

Properties.—Strength and other properties of FRP made from contour-woven preforms are identical with that for any laminate made with standard-weave fabrics, except that range of variation is less because glass content and distribution is more closely controlled. Properties shown in the accompanying table are considered typical for style 181 glass cloth reinforcement using general-purpose polyester resin. Design of contour-woven parts can be baesd on the high end of the ranges shown. Where directional stresses exist, added glass can be woven in the direction required.

Shape.—It's difficult to generalize on limitations for overall size and contour. This is because the folding technique often allows a large asymmetrical shape to be reduced to a simpler one. The tote box and experimental boat hull in photos on this page show extremes in size that have been tried so far. Best procedure is to design the part with the contour needed—avoiding sharp discontinuities, where possible—then consult with the preform builder as to its feasibiilty for contour weaving, either using differential takeup or folding techniques.

Thickness.—Thick parts are produced by fitting multiple preforms over the mold, the same procedure followed in hand layup. Outer layers must be made slightly bigger by reprograming the Jacquard loom if more than about three layers are to be used. On variable thickness, contour-woven preforms can change

thickness either gradually or abruptly, in either the warp or weft direction, by changing the number of threads handled by the loom at that point.

Draft.—Woven preforms have a limited elasticity, and parts therefore must have positive draft unless they are cylindrical. The standard 3° minimum draft for FRP parts is a good rule to follow here.

Holes.—Within the contour-woven preform itself, openings cannot be programed. These should be cut after the laminated shape is made, either by punch or saw.

Cost.—Parts using contour-woven preforms can be considerably cheaper than the same parts made by hand layup, even though cost per square foot is three to five times that of flat cloth. For commercial industrial applications, these savings are very high because the use factor on molds is high and fitting time is very low. This requires a fairly high production rate to achieve, however. A good rule of thumb might be 1500 parts per month to make loom programing pay off. For some applications, particularly military, high-performance laminates are a must, even though production rates may be low. Here the process is specified because it's the only way to get the performance desired.

Appendix IV

[Excerpted from Textile World, January 1961, "Now: A Brand-New High in Mechanized Spinning"]

Direct from Japan * * * comes this report on a continuous, highly mechanized spinning system that's working today, on a prototype basis, in a Japanese mill.

The author of this report is an American textile engineer—an acknowledged leader in his profession and an articulate spokesman. He recently returned from an extended visit to Japan. Here, in these pages, he reports what the maker of this Japanese equipment told him about this brand-new system. He also reports (p. 62) the results of his own laboratory tests on yarn made by the system.

Assuming that the data the Japanese gave our author are objective and complete, this system marks a significant step in the continuing mechanization of textile manufacturing.

Meanwhile, here in the United States, rumors of developments soon to come are beginning to take firmer shape. For instance, Deering, Milliken now confirms reports that it soon will build a completely automatic spinning mill in South Carolina. And a leading American textile-machinery manufacturer is reported to be nearing announcement of its own continuous, automatic system. All this could be the start of a series of dramatic developments for mechanized spinning systems.

That diagram above may well be a blueprint for spinning mills in the future. The installation is in the Jutami plant of Toyo Spinning Co., in Japan. It's a prototype continuous spinning system with elements of automation. With it, five operators tend a 6,000-spindle mill from opening through winding. Yarn quality is equal, Toyo says, to that of conventionally spun yarns.

1. Opening

Cotton feeds to opening and picking equipment that is much like conventional equipment—except that the picker does not produce a lap. Instead, loose, opened cotton moves by air to a series of automatically controlled rake distributors that place it in a series of chutes above the feed apron of the cards. Rollers in the lower end of the chutes lightly compress the loose cotton into "lap" form.

2. Carding

From three to five cards are grouped into multicylinder cards, with their cylinder shafts connected by means of flexible couplings. This way, operators can take a card out of operation whenever they must for one reason or another. In the system now installed there are two sets of these multiple cards. Each card produces anywhere from 6 to 10 pounds of sliver per hour.

The company has equipped each card with the Toyo Carding Analyzer. This is a perforated roll that is covered with metallic card clothing. This roll is beneath the lickerin of the card. The clothing removes short fiber, motes, and dust.

3, 4. Drawing

Sliver feeds from each card (in a flat-ribbon form) to a conveyor belt resembling the old railway head. Three to five card slivers go to each of two first-drawing frames. These frames are described as sliver-reversing draw frames. They deposit drawn sliver into cans on a rotating table. Then the trailing ends of stored sliver are automatically picked up, grouped into a lap of 10 slivers, and fed to the second drawing.

The second drawing frame is an automatic-evening type. This frame automatically weighs sliver behind the frame and feeds the data to a pneumatic memory system and speed-regulating servo, which "evens" the finished sliver weight by varying the front-roll speed. Production of the second drawing frame is 40 to 60 pounds per hour, and front-roll speed is 330 fpm. The second drawing puts sliver into cans and automatically doffs the cans to await transfer to spinning.

5, 6. Spinning, Doffing

Operators place the cans of drawing sliver behind sliver-to-yarn spinning frames that can draft to 350. An automatic doffer removes the full spinning bobbins. The doffer moves from frame to frame and doffs both sides at once, 10 bobbins at a time.

7. Winding

Doffed bobbins then move by conveyor from an automatic feeder to automatic cone winding.

Few Men, Few Ends Down

People to run the operation? One man feeds the opener, the second tends drawing. Two spinners tend 3,000 spindles each. The fifth operator tends the winder.

Toyo claims that ends down per thousand spindle hours is about 14. The range of counts that can be spun is up to 40s.

A Review of Textile Research—A Backward Look for Forward Programs

(By Peter M. Strang)

A realistic appraisal of any phase of an industry must be related to the historical background of the industry. It is evident that the textile industry has undergone a catacylsmic change. In 1925 there were 35 million active spindles to meet the needs of 115 million people in the United States while in 1958 there were 19 million active spindles for the needs of 174 million people. Stated in another way in 1925 on the average the product of 795 spindle-hours was required for each person while in 1958, 583 spindle-hours supplied the needs of each person. Such a drastic change involves many factors and has had a tremendous impact upon textile research.

Several unrelated circumstances evolved during the 1920's which not only caused a realinement of the industry but also increased the severity of its depression in the 1930's. Curiously, none of the evolutions was due to revolutionary technological advance such as occurred in other lines of manufacture. Much of the basic cotton textile machinery of today is practically as it was at that time. But style changes caused women to discontinue wearing voluminous petticoats and dresses. The automobile tire producers erected mills of their own, capable of supplying the major part of the needs of the rubber trade. Paper bags began to replace cotton bags. The market for American ginghams disappeared and fabrics of artificial fibers in both cut staple and filament form were introduced.

In retrospect the results of these unrelated developments on the cotton textile industry can easily be seen. The fine goods mills which made the fabrics for women's wear were located in New England for the most part. The New Bedford Fine Spinners Association reported that the average number of yarn produced by its members dropped from 85s to 55s in a period of 3 years. Productionwise, about 100 spindle-hours made 0.5 pound or 35,700 yards of 85s yarn while in an equal number of spindle hours 1 pound or 47,000 yards of 55s yarn could be made. Although the fine goods mills had a small amount of flexibility, even partial operation required considerable encroachment upon the markets of other mills. By supplying their own needs, the tiremakers created excess spinning

capacity among the independent tire fabric manufacturers. The tire companies made the picture more confusing by the introduction of cord fabric whose production required a smaller number of spindles than the square woven fabric formerly used. Some of the larger independent tire fabric manufacturers then invaded the print cloth field, which was already overcrowded. The cotton textile industry became demoralized with many factors contributing to the reduction of the market for cotton goods while at the same time the overall productive capacity remained unchanged.

The hard pressed manufacturers established the Cotton Textile Institute as a defensive measure. With the hope of giving the industry new perspective, this organization was headed by a former railroad executive. Among its numerous activities the institute endeavored to promote a code of ethics for its members and to introduce uniform systems of cost accounting. It was difficult to maintain a high code of ethics in an industry where new cloth constructions, which usually were unpatentable, could be pirated promptly. Although cotton processors are today among the most cost-conscious manufacturers in the United States, improved costing caused two developments which accentuated rather than relieved the immediate difficulties. Mill owners found that overhead could be reduced by operating a plant 24 hours a day so that three-shift operation became normal and they also found that labor costs could be reduced by means of job analyses and job specifications for the workers.

When the changes of the 1920's were beginning to emerge, much publicity was given to show how research had aided other businesses and was needed imperatively in textiles. Although marketing was admitted to be a prime target for textile research and there was a clamor to extend the market for cotton goods by finding new uses, there were no overall plans for a program of research for the improvement of the industry. The first laboratories for the study of fiber manipulation and processing machinery were inaugurated independently by the United States Rubber Co. and jointly by the Pacific Mills and Lockwood, Greene & Co. In the course of time, the other tire manufacturers have organized textile research laboratories but the activities of these laboratories have been primarily concerned with the development of better yarns or fabrics, to be made on existing equipment, for tires and rubber goods. When Lockwood, Greene & Co. withdrew, the Pacific Mills found that a laboratory devoted to the study of textile processes and machinery was too expensive for one mill to handle. Many others felt the same. Consequently the study of improved textile processing equipment was neglected for many years. The chemical concerns which produced fibers organized laboratories, but here the objective was to find a way of processing artificial fibers on the machinery which was owned by prospective customers. The need for research laboratories began to be recognized by some machinery companies in the 1930's.

TEXTILE RESEARCH DURING THE 1930'S

The conditions which developed in the 1920's to change the industry, had a far-reaching effect upon the orientation of textile research in the years that followed. While basic research received extensive lipservice, mills did not have much money to spend on any type of research. Because new constructions of cloth could receive little or no patent protection and were readily pirated, the mills concentrated upon the reduction of costs. Cost reduction improved the competitive position of a plant and hastened the demise of marginal producers. Since the industry had excessive productive capacity for the successful operation of all plants on three shifts, labor specialization furnished the most fertile field in which to cut costs.

Textile research and development companies sprang into existence and confined their activities largely to the job assignments of the workers. These companies tended to spread uniform workloads, throughout the industry. In some cases labor specialization was carried to extremes, but an assignment which proved workable in one plant could usually be introduced into another mill making the same goods. As a result, the modern textile industry probably has greater job standardization with fewer unprofitably used man-hours than any other industry in the world. British textile executives, visiting the United States after World War II, were impressed by the output per man-hour. However, there is a perplexing question. What will happen to the American industry if American methods of assigning jobs are applied in foreign low-wage countries?

Some of the activities of the research and development companies caused the term "research" to acquire an unfavorable connotation in parts of the textile industry. Much information concerning machine operation, which the research concerns passed on to their clients, had been received gratis from the machinery builders, who recognized and resented the procedure. In addition, scientists interested in textile problems were unfavorably impressed by the methods of some of these new companies. As a consequence it became fashionable to discount all research work conducted by men in the industry.

Partly for publicity purposes and partly because of the great strides that were being made in the chemical industry, a few mills began to employ chemists for research. Since a chemical laboratory is comparatively inexpensive to install, a plant could publicize its research efforts without committing itself to large expenditures. Although a chemist in the chemical industry frequently found an entirely new product or byproduct in the normal pursuit of a long-range research project, a chemist in the textile industry did not have much chance of making spectacular discoveries for a mill making prosaic cotton goods. The efforts of these men frequently became restricted to experimentation on sizing compounds or cloth finishes.

Prior to World War II, mill managers expected to obtain immediate results from research and men with a background in science were skeptical of the ability of these practical men to conduct research. The situation was well summed up by C. H. Clark, the first secretary of the Textile Research Institute, in words with the following import: "In the industry there is a growing intelligentsia of textile scientists. These men know nothing about what takes place inside a mill but they attend the meetings of various scientific societies to discuss textile research. On the other hand, the able mill operators, who know how to get production from their machinery, attend meetings with other managers to discuss textile research. Yet neither group knows enough about the problems of the other group to promote a program to benefit the industry." This summary at times appears applicable today.

MANAGEMENT AND RESEARCH

The country's cotton manufacturing industry with its many ramifications originated in New England and the dogmas of its early leaders are still evident. At the inception of the industry, New England was the banking and manufacturing center of the growing nation. History reveals that the conservative thinking of the New England leaders frequently ran counter to that of the pioneers in other sections of the country. Today when a large chemical concern admits that the entire appropriation for any new research project may be completely lost, such apparent recklessness is quite incomprehensible to some old line New England companies. Only recently have the possibilities of organized research begun to be considered by some New England concerns allied to the textile industry. In the past these companies have favored research with OPM (other peoples' money) and their development work frequently has consisted of copying innovations of a competitor. Yet in spite of this atmosphere, the transactions of the National Association of Cotton Manufacturers show that research of high quality has been conducted over the years by a small percentage of public-spirited members.

Another factor which has affected the industry's approach to research may be termed the noncommissioned officer or drill sergeant attitude of many textile executives. While this attitude may not be as evident today as it was in the 1920's, it still persists. As the industry developed, the custom of the times and the hiring of undisciplined young workers may have stimulated management of this type. The drill sergeant complex thrived with the great influx of foreign workers into New England prior to World War I. The point is emphasized because research and research workers are not amenable to management of this type. Research cannot be accomplished by fiat nor can each experiment produce data which in every case confirm a preconceived hope. Organizations with the drill sergeant complex tend to attract yes-men and yes-men are a handicap to a research department which is searching for the truth in basic problems. The mode of thinking that is common in segments of the industry is well illustrated in the following episodes: In 1940 a salesman informed the writer that a competent research staff always produced proof that any purchase made by the mill manager was advantageous to his plant. In 1950 a cooperative second hand suggested that he be told what results were wanted from a series of tests so that his figures would be sure to show that he had conducted good tests. There are

many in the industry who have yet to learn that accurate conclusions cannot be drawn from data compiled so as to exclude any statistics which may point to a conclusion different from the one desired.

Observation of qualified research workers shows that among their attributes these persons have the urge to explore and create; they have infinite patience and the perseverance to continue in the face of difficulties; they usually have a sense of humor and do not take themselves too seriously; they realize that they can never acquire the wisdom and knowledge of the Creator; they have high integrity; and they like to give and receive credit for ideas and accomplishments. No elaborate analysis is needed to show why men with these traits do not take kindly to the discipline of a drill sergeant.

Of course, some New England textile concerns have not been managed in this manner, a fact which is evidenced by the long and enviable record of the Pepperell Manufacturing Co. As the textile industry grew in the South, the temperament of both the executives and the workers inevitably modified the traditional textile methods to a degree.

TEXTILE EDUCATION AND RESEARCH

The business leaders who were responsible for the development of the textile industry in the United States formulated a pattern of textile education which is still evident. From 1890 to 1925, the number of spindles in this country was increasing constantly and there was a growing demand for men to manage new plants. Emphasis was placed on teaching the ins and outs of the equipment of the various builders so that graduates could keep any make of machinery in operation. As a result, the mill executives, ably trained from a practical viewpoint, seldom acquired a theoretical foundation in cotton manufacturing.

In some instances the texts of 50 years ago could be used today without much loss to the student. Every now and then production men, in the daily operation of a mill, encounter a situation in the processing of cotton which baffles them. Instead of accepting such a situation fatalistically, textile men should be able to present facts so as to obtain a solution from scientists familiar with similar problems in other fields. A theoretical background has been found essential in rapid growth industries, such as chemical engineering and electronics, where great technological progress is being made. It is doubtful that outstanding progress would have been made, if the leaders had for basic reference, texts in chemical engineering or electronics which were used in 1900. If advances are to be made in the manufacture of textiles, the adaptation of sciences and tools which were not available at the turn of the century may furnish a solid foundation. Within recent years alert research-minded corporations reportedly have started to train groups of their younger scientists in crossfield engineering in order to keep all departments abreast of current science.

During the last 5 years, two of the world's large textile machinery makers independently have attempted to introduce a "new" spinning ring which would increase production by permitting higher spindle and traveler speeds. In the venture each company not only ignored the experience gained in the manufacture of rings over many years but also neglected modern findings of chemical engineers with reference to the transfer of heat between two different materials in contact; of metallurgists concerning the desirable properties in metals and alloys to produce the minimum of friction and wear between parts in sliding contact; of mechanical engineers in studies of wear—loss of weight—between two pieces in sliding contact and in studies concerning the types of surface finish which tend to reduce wear. In each case higher speed and longer life were obtained for the traveler by transferring wear from a cheap replaceable traveler to an expensive ring. Application of scientific findings in other than textile areas would have proved advantageous.

Sound instruction about the limiting factors in machines, which have been basically unchanged for years, should prove of infinite value to men entering the industry. The introduction of single process roving in the late 1930's illustrates this point. The new frame reduced the total number of operations by supplying a unit which permitted greater drafting at each spindle. Yet attempts were made to increase production through higher flyer speeds although the flyers had remained unchanged and the speed of the flyer had long been accepted as a factor which limited production.

While it is common knowledge that the operation of a complete installation may not be indicated by the behavior of one spindle or one machine, mill managers have to evaluate many new items by the results of tests made on a small

number of units. It is here that knowledge of the best methods of planning and conducting tests is profitable. There is a niche for laboratory testing and a niche for mill testing but the two methods are not synonomous or interchangeable. Students instructed in methods of planning and conducting tests will be of value to the industry by raising questions such as: Is this test worthwhile? Is the test of sufficient size? Should a check test be made simultaneously? Can the test be duplicated? Does the data warrant the conclusions which are drawn?

Advanced degrees in education such as doctor of cotton spinning or doctor of textile science are not advocated. Evidence indicates that the machinery and equipment now used to produce textiles include empirical solutions of problems which were encountered in the early machines and the solutions of those problems were often beyond the ken of the science of their day. Technologists should be able to classify a scientific problem and then present it to a specialist in the proper field. Both the industry and the public should realize that the span of human life is too short for one man to acquire the proficiency in textiles, mechanical engineering, fluid mechanics, physics, and other sciences which are necessary to solve all textile problems.

The incongruity of the situation at times is illustrated by these actual incidents. The leader of a group of research workers on a textile machine development project was overheard to say, "I never hire anyone who has had textile experience because he always knows too many ways why something cannot be done." The writer has received correspondence from an established institution which requested aid in locating a young man with ideas to develop new textile machinery but with the specification that the man must have had no textile training or experience.

PROGRESS IN TEXTILE MANUFACTURE

There is no question that many changes for the better have taken place in the manufacture of cotton goods during the last 40 years. New fibers, fiber blends, and the introduction of statistical controls are a few innovations which will have a far-reaching impact on the industry and their full influence on the manufacturing processes may not become evident for some time. The major proportion of improvements in mill operation appear to be due to the research and enterprise of suppliers who have cultivated a market in the textile industry. Among the betterments in this category may be cited the introduction of electric motor drives, improved construction and layout of buildings, materials-handling equipment, new materials for roll covering and drafting aprons, the installation of air on a machine for cleaning, and improved methods for controlling humidity. There have been technological advances in the machinery of production among the most spectacular of which are the high-speed spooler and warper, the high-speed slasher, the apron drafting systems, a low-speed winder to maintain filling bobbins at a loom, and the development of magnetically weighted top rolls on a spinning frame. In general the textile machinery builders have striven to increase production speeds and package sizes in order to reduce the labor required per unit of output, but in several cases the objective of higher speed of production has been found to be incompatible with larger packages.

That there may be a difference of opinion concerning the technological advances made in some phases of the machine industry is indicated by the following quotations from two qualified men. James H. Hunter (2), president of the American Textile Machinery Association, has stated:

"Manufacturing departmental studies on equipment, made by our association, show that, based on 1958 standards of textile machine efficiency, fully 75 percent of the U.S. textile machinery has been made obsolete by new models currently available."

On the other hand, Gilbert R. Merrill (4) makes this assertion in his new text on "Cotton Ring Spinning" with reference to a common 20s warp yarn.

"Beginning in 1888, when spindle speeds were raised from about 6,500 to around 8,800 revolutions per minute and continuing until 1938, the production per spinning spindle ranged very little and averaged about 0.0375 pound per hour when allowing 10 percent for doffing, cleaning, and other items. So plate II shows that for 50 years the production per spindle in ring spinning stayed the same.

"From 1938 on, catalog data, allowing 10 percent for stops, averaged slightly under 0.04 pound per spindle per hour. This is an increase in spindle speed in the vicinity of 400 revolutions per minute or about 4.5 percent and, probably, partly due to less frequent doffing with the larger packages on modern frames."

Comparison of these two statements indicates that the technological advance in some basic units of textile production has not been great over a number of years and in specific cases is questionable. At the same hearing Mr. Hunter (3) also made the statement:

"* * * The builders of spinning frames in this country are manufacturing and selling at a rate which means no increase in textile capacity. But, and this is almost unbelievable, at the present rate of replacement it will take 70 years to reequip the industry in its present size * * *."

A report of the Boston Federal Reserve Bank (5) shows that the replacement of machinery in New England textile plants since 1950 has been the lowest in the 19 categories of industry in the area. Without doubt, the sale of new machinery has been hampered by the methods permitted to write off depreciation and the availability of quantities of secondhand equipment. Since the average age of spinning equipment in the United States has been estimated at over 20 years, indications are that costwise mill managers have found that the advantages of new frames do not always offset their high price and that a much less expensive changeover on the present equipment may afford many of the advantages of the new frames. The thought arises that possibly some textile machinery companies have made a mistake similar to that of the automobile manufacturers in judging the wants and needs of their customers.

Although spinning frames have been mentioned specifically there are other basic machines in cotton manufacture in which no technological advances have been made. Little thought appears to have been given in recent years to establishing reasons for the limitations inherent in accepted units. Many of the improvements have tended to freeze the design of a standard machine with more or less elaborate addenda. It is interesting to speculate as to where the jetplane would be today if its designers had confined themselves to making slight modifications of the original model of the Wright brothers.

THE NEED FOR A NEW APPROACH

For over a century the technological development of the industry has been supplied by the ingenuity of mechanic inventors. Their heydey seems to have passed. According to patent lawyers a preliminary investigation usually reveals that the current proposals of men of this type have been covered by early patents.

Reliance upon mechanic inventors has tended to stifle original thinking throughout the industry and to focus attention on the modification of present machines. An endless round of repetitive investigations has been the result. Between 1925 and 1955 the writer has seen five separate attempts to introduce bearings of impregnated wood in the roll stands of spinning frames and any person who suggested that the experimenter should study the prior art was promptly classified as a typical unprogressive textile man. Examples such as this are common.

Even in cases involving greater imagination, leadership, and financial outlay the lack of original thinking continues to be evident. Around 1900 a machine known as a railway head was found to be more trouble than worth in cotton processing, but about 1920 Henry Ford reportedly tried to revolutionize the industry by resurrecting the railway head, and in 1959 the machine was again receiving favorable consideration as a means to reduce labor and internal transportation in a mill. Investigation would have shown that the card has been fundamentally unchanged since 1890 and that the railway head was abandoned in the first place because of the shortcomings of the card. This is not an isolated series of incidents.

The industry and the public must look upon textile research in an entirely new light. Textile research must be regarded as "major league" research which requires "major league" talent. Cotton manufacturing is too old and well established to expect economic growth and technological progress without the patient coordination of the findings of modern science with the basic needs of the industry.

THE FUTURE

In the report "Problems of the Domestic Textile Industry" (6) a committee of the Senate made the following statements:

"Critics of textile management pointed out that the domestic textile industry devotes a smaller proportion of its earnings to research and development activities than manufacturing industry in general. * * * The critics of textile management feel that the industry has been remiss particularly in sponsoring research which would lead to new uses for existing mill products and the development of new products as such."

Study of the record will show that these identical criticisms were made about the industry in the 1920's. At that time the Department of Commerce, the Department of Agriculture and the Textile Institute conducted separate programs for several years to find new and extended uses for cotton and its products. These programs were dropped ultimately because they did not prove worth the money.

The Senate report (7) also suggested that some proportion of custom duties on textile products entering the United States be used to finance research. While the writer concurs with this idea he is not in full agreement with the chief aims suggested. In the light of past experience in seeking new end uses for textile products how can a different group in 1960 be any more successful than its predecessors of 35 years ago if the same methods and techniques were used in each instance. A danger with governmental research is that it frequently loses touch with the actual needs of industry and after a project has once been organized, reports and statistics are issued annually regardless of their value. In the past the Department of Agriculture, which deals with cotton problems and probably would handle much of the Government's research in textiles, has shown a lack of friendly understanding of difficulties in mill operation.

A small group of patriotic, farsighted, experienced textile men, acting as a board of review, would prove of infinite value in passing on the merits of new projects both for the Government and industry. The selection of suitable projects is essential because much research money has been wasted in the past. As recently as 1948, an institution organized to promote advanced textile technology, adopted the study of water pollution of rivers as a major project. The study had nothing to do with textile technology nor was it of any value to 95 percent of the sponsoring members.

The textile industry should make more use of established research organizations in the solution of problems. Large research companies have scientists from many fields available for consultation and no such staff is available in a textile laboratory. In fact, men of the caliber required in a research organization would not find enough to keep them busy in a textile organization. Projects which are too expensive for an individual organization could be sponsored by a small group of companies. Too much emphasis cannot be placed upon the need of high quality research, since the engineers of a main competitor, Japan, have been concentrating on textiles since they were forbidden in 1945 to work on any projects connected with the production of war munitions.

In its desire to advance, the industry must maintain a respect for and a knowledge of its past. A way should be found to accumulate the unrecorded experience of able oldtimers who have spent their lives in the industry. Properly edited, this material should then be available to students and might furnish an excellent background for applications of modern science.

The present problems of the cotton textile industry are a combination of difficulties carried over from the 1920's and those arising from the new position of the United States in world affairs after World War II. The textile industry has been the whipping boy of its critics for too many years. Today American mills, in spite of severe handicaps, are the most efficiently managed textile plants in the world. American textile labor is second to none. Extensive research is imperative if the textile industry is to take its proper place in the national economy. Young men have tended to gravitate toward expanding industries rather than enter the textile field. They need the incentive of a dynamic textile program. Such a research program, headed by a steering committee of able men representing all phases of the industry, could coordinate well planned research activities in which governmental agencies, educators, labor, management, and scientists all cooperate. Economic and technological growth in the textile industry can be achieved.

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STATEMENT ON BEHALF OF THE TEXTILE WORKERS UNION OF AMERICA, AFL–CIO, BY WESLEY W. COOK, VICE PRESIDENT AND DIRECTOR OF THE SYNTHETIC YARN DIVISION

Mr. Chairman and members of the subcommittee, my name is Wesley W. Cook. I reside at 58F Crescent Road, Greenbelt, Md. I am employed by the Textile Workers Union of America, AFL–CIO, and have been in the employ of this union since March 13, 1937. My entire experience with the union has been devoted to the problems of the synthetic yarn industry. In May of 1937, almost 24 years ago, I made my first trip to Nitro, W. Va. The Nitro plant of the American Viscose Corp. had been converted from a pulp mill to a staple fiber mill during the preceding 2 years. At that time staple fiber was considered a wonderful, profitable product because it sold for 25 cents per pound and was in good demand.

Today if I were to make a similar visit to Nitro and were to look into the sales books of the company I am sure that I would find that at least some part of the first quality production of this mill has sold recently in the open market at or only slightly above the 25-cent price which prevailed 24 years ago.

I know no other industry and no other product where the selling price for a product in substantial demand in 1961 is at or very near to the price for which it sold in 1937 despite approximately 300 percent increase in hourly wage rates and earnings and despite substantial increases in raw material costs.

The story of the staple fiber prices which run from 25 cents in 1937 up to 40 cents in 1952 and back to 25, 26, and 27 cents in 1961 portrays the fate of the industry in a nutshell. The result of this picture is so disastrous that the U.S. Tariff Commission indicated in the August hearings on peril points that an escape clause proceeding for relief of this industry would be timely.

The U.S. Tariff Commission held hearings on January 31 and February 1 on proposals to invoke the escape clause provision of the tariff law in respect to the rayon staple fiber industry.

The Rayon Staple Fiber Producers Association, representing more than 95 percent of the total production of rayon staple fiber, presented a well-documented case proving distress and injury resulting from low-priced imports of staple fiber. Their presentation was conservative in all economic matters and was particularly conservative in its request for relief.

The major request was that the Tariff Commission recommend to the President of the United States that the escape clause procedures of the act be used, that the two prior concessions be canceled and that the maximum relief of 37½ percent ad valorem duty be imposed. In addition the producers requested the Tariff Commission to recommend any other relief which they thought appropriate including quotas, although no stress was laid by the producers on any type of relief except an increase in tariff.

The testimony submitted by the producers and unchallenged in the hearing showed that the industry is operating currently at a net loss and that the rate of net earnings over the past 4 or 5 years has been extremely low.

The industry outlined various means of self-help which its members had instituted prior to appeal for tariff relief. These self-help features included substantial modernization and rationalization in the industry resulting in

increased labor efficiency and quality improvement, extensive market and product research resulting in the development of new uses and new fibers, and attempts to increase the domestic price level to levels which would result in profitable operation.

None of these efforts, singly or collectively, had the desired effect. Over a period of years the import price undercut the domestic price consistently, winning for itself an increasing share of the total staple fiber business, and at prices that made net profits for the domestic industry impossible.

The importers testifying at the Tariff Commission hearing were very frank about their price policy. They indicated that they have generally followed a policy of quoting prices of 1½ to 2 cents below the price quotations of the domestic producers. In their presentation and in their answer to questions it was clear that they consider this undercutting of the domestic price by 6 to 8 percent is a sort of "God-given" right. They were most upset that the domestic industry in 1960 in desperate need of larger volume production met the import price then prevailing at approximately 29 cents per pound and followed the importers' reduction in prices downward from the 29-cent level to approximately 25 to 27 cents. The importers seemed to consider this industry action as unethical, bad business judgment, and generally a violation of the importers' right to preempt the low price field. They said, in effect, How can the industry expect to break even and/or make money if they are going to sell at these ruinous prices?

Here is the dilemma for the staple fiber industry. If they sell at prices which will insure a reasonable return on investment and production they will lose their market to the importers. If they sell at a price that the importers cannot match without direct dumping in violation of the law, the return on investment and sales will be so low as to result in a net loss. No amount of self-help in the way of increased production efficiencies achieved by management ingenuity and investment as well as through the cooperation of the labor union in the industry, no amount of additional research and development of new end uses and markets will avail if the importers are free at every turn to match the domestic industry price with a price automatically set 6 to 8 percent, or 1½ to 2 cents, below the domestic price level.

The Textile Workers Union of America doubts that the relief requested by the viscose staple fiber industry will be adequate to preserve the jobs of our members in this industry, 85 percent of whom belong to our union. In our opinion, one or more of the present exporters to this country would be able to jump a 37½-percent ad valorem tariff rate to undersell any U.S. fair market price. Available capacity figures also lead us to believe that this country or countries have idle staple fiber capacity sufficient to supply the entire U.S. market. We therefore conclude that in addition to the flat increase in tariff requested some peril point quota arrangement and additional tariff penalty, such as prevailed in the woolen and worsted industry prior to January 1961, is urgently needed.

Most staple fiber plants are located in small communities. In many instances, rayon staple plants and the related chemical and other suppliers who are located nearby are the lifeblood of the community. The depressing effect upon these communities of any curtailment or cessation in the production of rayon staple fiber will, therefore, be readily understood.

The importance of these plants to local labor forces is all the greater in those plants which have already been designated as labor surplus areas. For example, the plant at Nitro, W. Va., is near Charleston, a major area of "substantial and persistent labor surplus." The Parkersburg, W. Va., plant is in a substantial labor surplus area. Without the sustained employment of rayon staple production, all these small communities will be and have been seriously affected, and labor has and will suffer.

The attached tables 1 through 4 give the basic data which support in statistical form the story which we have tried to tell here. It shows falling staple price (table 1), high imports (table 2), low domestic production in terms of capacity to produce (table 3), and disastrously low sales prices (table 4). All tables are reproduced from testimony produced by the employers' group at the U.S. Tariff Commission hearing on January 31, 1961.

TABLE 1.—*Trend in wholesale prices, 1946–60, all commodities; chemical and allied products, viscose staple fiber, 1½ denier*

[Base period: 1947–49=100]

Period	All commodities	Chemical and allied products	Viscose staple fiber 1½ denier	Period	All commodities	Chemical and allied products	Viscose staple fiber 1½ denier
1946	78.7	76.3	(1)	1954	110.3	107.0	96.8
1947	96.4	101.4	93.7	1955	110.7	106.6	96.3
1948	104.4	103.8	104.5	1956	114.3	107.2	92.7
1949	99.2	94.8	101.8	1957	117.6	109.5	88.3
1950	103.1	96.3	103.3	1958	119.2	110.4	91.0
1951	114.8	110.0	115.3	1959	119.5	109.9	94.9
1952	111.6	104.5	114.5	1960	119.6	110.2	86.0
1953	110.1	105.7	99.7				

[1] Not available.

Source: Bureau of Labor Statistics, Wholesale Price Indexes.

TABLE 2.—*U.S. domestic deliveries, imports, and total of deliveries and imports of rayon staple fiber, 1946–59*

[In millions of pounds]

Year	Domestic shipments	Imports	Mill consumption [1]	Year	Domestic shipments	Imports	Mill consumption [1]
1946	131.7	33.9	165.6	1953	206.1	68.4	274.5
1947	163.9	36.1	200.0	1954	311.2	58.1	369.3
1948	182.5	38.7	221.2	1955	332.1	171.9	504.0
1949	129.6	15.6	145.2	1956	329.5	91.8	421.3
1950	189.4	89.9	279.3	1957	354.4	83.6	438.0
1951	201.1	89.0	290.1	1958	328.3	83.4	411.7
1952	209.7	68.7	278.4	1959	348.1	115.1	463.2

[1] Mill consumption of rayon staple fiber means domestic shipments plus imports.

Source: Domestic shipments: "Textile Organon," February issues. Imports: U.S. Bureau of the Census, Report FT 110. Data refer to Import Schedule A Commodity No. 3810.000 for period 1946–53, and No. 3810.020 for period 1954–59. Data include unknown amounts of noncellulosic fiber for period prior to 1954.

TABLE 3.—*Rayon staple fiber capacity and production, 1955–60*

Year	Capacity [1]	Production [2]	Percent [3]	Year	Capacity [1]	Production [2]	Percent [3]
1955	368.8	320.6	86.9	1958	502.2	311.5	62.0
1956	385.6	323.2	83.8	1959	498.8	343.5	68.9
1957	480.6	355.4	74.0	1960	498.9	297.9	59.7

[1] Capacity on basis of 51-week year, in millions of pounds. Data supplied by Textile Economic Bureau at the request of the individual producers.
[2] Production in millions of pounds. Data from confidential replies by companies to U.S. Tariff Commission "Producers' Questionnaire."
[3] Production as percent of capacity.

TABLE 4.—*Price per pound of rayon staple fiber manufactured, types I and II, 1955–60*

[In cents]

	1955	1956	1957	1958	1959	1960
Price per pound, (quarterly average):						
Mar. 15	34.15	32.29	30.67	31.29	31.32	30.16
June 15	34.06	31.90	29.93	31.21	31.14	27.79
Sept. 15	34.07	31.86	29.78	31.31	32.30	27.18
Dec. 15	32.62	32.54	30.37	31.16	32.17	26.78

NOTE.—Differences in accounting procedures among reporting companies exist; it is believed that these do not materially affect the data above.

Source: Confidential replies by companies to U.S. Tariff Commission "Producers' Questionnaire." Price per pound represents weighted average for rayon staple fiber types 1 and 2.

Mr. POLLOCK. Thank you, Mr. Chairman.

In July of 1958, when I last had the privilege of appearing before this subcommittee, our union came before you with high hopes because the Senate was then launching the first, concentrated congressional study of the problems facing our industry and its workers.

This was a study which we heartily endorsed and which we warmly welcomed because we knew it was being undertaken in a most constructive spirit.

Our hopes remained high during the various hearings you conducted, and textile workers everywhere were encouraged by the program which you eventually drafted and submitted to the executive branch of our Government.

It was only then that our hopes began to sag. This was because very little was done by the Eisenhower administration to implement this subcommittee's recommendations. In fact, I think it is more accurate to say that they were largely ignored.

Today our hopes are once more rising because your subcommittee has again addressed itself to our problems. In addition, there is a new administration in charge of the executive branch of our Government and it has shown signs of greater awareness of those problems.

Of course, we cannot solve our problems simply on the basis of hope. And since hope is all we have had to sustain us in the past, the problems we called attention to back in the summer of 1958 are still with us.

The plain fact of life is that the textile industry is still in a state of stagnation. And this is a condition which is reflected in the misfortunes of its workers and the insecurity which plagues the many communities they live in.

Despite the growth of our population since 1958, there has not been any increase in the national textile product to match that growth. Textile plants continue to be liquidated. The quantity of textile machinery keeps shrinking, and so does employment in our industry.

As in the past, one of the greatest shortcomings is our industry's failure to develop new uses for textile products and thereby create opportunities for industrial expansion. While some new lines have been developed, the funds devoted by the industry to such efforts are trifling in the face of a constantly pressing need for expansion.

Significantly, this lack of enterprise persists in a period when competitive products—such as nonwoven and paper materials—are making tremendous advances at the expense of textiles.

To add to the sluggishness of the industry, there is a growing tendency on the part of textile companies to affiliate with nontextile firms. As a result, profits earned in textiles are being invested in other industries in order to provide stockholders with a diversity of interests. This detracts from management's interest in its textile plants and also discourages textile research and development.

To compound this situation, there also has been an increase in the volume of textile imports since we last appeared before this subcommittee.

In 1958, approximately 600 million square yards were imported into this country. By the end of 1960 that figure had more than doubled. It is now estimated at approximately 1.3 billion square yards.

There are other danger signs. For the first time imports of cotton textiles began to exceed exports in 1960, and the present outlook is for a continued increase in imports and a decrease in exports.

At the same time, domestic production of woolens and worsteds declined in 1960, while imports of such fabrics increased in volume.

In addition, a new major item of imports has appeared in the market. Where imports of cotton yarns were insignificant in the past, they reached a volume of more than 15 million pounds in 1960.

To cope with these developments, many requests for relief were addressed to the Eisenhower administration. They covered cotton and wool cloth, woolen gloves, carpets, and cordage. All of them were turned down.

Affairs have reached such a state that finished garments as well as piece goods are now entering this country in volume. The situation is so alarming that the Amalgamated Clothing Workers of America are joining hands with employers in their industry in open resistance to these imports.

And while textile competition keeps springing up from new sources—like Asia, Portugal, Spain, and Italy—the personnel of the State Department has demonstrated no interest in the welfare of our domestic industry in the last 2 years.

There has been no effort to correct a basic error in our foreign-aid program. And that is our practice of encouraging and helping in the construction of textile mills abroad. We would have no quarrel with such a policy if it was designed primarily to clothe the people of those countries. But the production of these mills built with American money is aimed largely at foreign markets—the American market, if you please.

The result is that, for practical purposes, we are exporting American textile jobs—because each time a shipload of such goods enters our markets, it is paid for with the jobs of American textile workers.

The net result is that the flood of textile imports keeps building up, and there is no relief for a basic industry which is essential to the economy and to the defense of the Nation.

On the other side of the ledger is the fact that the Kennedy administration has indicated a deep concern for the problems of the textile industry. It is our hope that new approaches, based upon suggestions which we will make here today, may lead to a solution to this problem of imports.

Up to now, we have talked in terms of machines, techniques, and square yards. At this point I would like to talk in terms of human needs, the human beings who man these machines and whose livelihood depends upon the reception the goods they produce receive in the market.

The real victims of management's lack of enterprise and of the Government's lack of interest are the workers of the textile industry. In the last 8 years there has been no understanding or appreciation of their plight.

Unemployment has hit them harder than any other major industrial group. Textile communities consistently reflect a rate of joblessness that is higher than the national average.

If there is such a thing as a human scrap heap, you will find it in many a textile community. Here we have older men and women who

have been without jobs longer than in most other industrial communities.

Recovery in their towns is slower than elsewhere. Unemployment insurance is less adequate, both as to amounts and duration. There is little or no aid available to them in their effort to readjust themselves to layoffs and mill closings. To put it another way, they live in a twilight zone between unemployment and retirement, looking forward only to the day when they are eligible for old-age benefits.

Most textile workers who are not in this predicament find themselves in another one as the result of the textile industry's feudalistic approach to labor-management relations. They remain the lone major group of factory workers who do not freely enjoy the benefits and protections of collective bargaining.

Last month our union documented their plight in a special report dealing with the Taft-Hartley Act and its distorted administration by the National Labor Relations Board. By now, a copy of that report, which is entitled "Almost Unbelievable," is in the hands of every Member of Congress, so I will not take the subcommittee's time to summarize it. However, I do hope you will read it carefully to get the full picture of what is happening to the average textile worker in his relations with his employer.

Let me add this observation. If the textile industry's policy of keeping the union out of its mills resulted in prosperity and stability, there might be some shred of justification for its antilabor attitude. But here we have a low-wage industry, with no so-called featherbedding problem, no resistance by its workers to increased work assignments—yet it remains depressed, unstable, and chaotic. It suffers constantly from the steady drift of skilled workers into more rewarding industries.

Years ago, if we talked about mill closings at a hearing like this, the remark would have been automatically made that such closings involved mostly union plants—that the union was driving the mills out of business. No one will raise that kind of propaganda today because the facts are that the mills which are going down these days are mostly plants such as Bachman-Uxbridge, Sayles Finishing, and Samuel Hird—and they are unorganized plants.

We submit that what management has failed to get by rejecting unionism, it migh achieve by joining hands with the men at the looms and enlisting their help—through their union—in solving their mutual problems.

But to return to the overall problem, the Textile Workers Union of America offers a set of proposals. We make it with full awareness that the Interagancy Textile Committee rejected out of hand some similar proposals made by your own subcommittee. Nevertheless, we urge you to reconsider the entire series of proposals we previously submitted to you.

I offer you this brief summary:

To promote new uses, products and markets for textiles, we urge the establishment of a permanent Textile Development Agency, with particular emphasis upon developing adequate research and informational facilities for the industry. Such a committee should be an official body, with equal representation for industry, labor, and the public.

To insure the survival of the textile industry, we urge the safeguarding of the historic levels of domestic textile production from foreign competition. We ask that a double tariff-rate system be established along the lines which prevailed in woolens and worsteds, with a higher tariff rate provided whenever imports reach a point which endangers the safeguarded level of domestic production.

Senator PASTORE. Would you have any objection at this time—this is merely thinking out loud—that the rate structure of the tariff income, that is, the income from that rate structure, would be earmarked and set aside as a trust fund to help underdeveloped nations?

Mr. POLLOCK. We would certainly have no objection to such a proposition, Senator.

Senator PASTORE. Will you think about it?

Mr. POLLOCK. We certainly will. We appreciate your throwing out this thought.

Senator PASTORE. Either that, or use that in a special trust fund to promote what you have outlined in No. 1. We do it on fish, we do it in agriculture, why can't you do it in textiles?

Why can't you take part of the income from the tariff and use that for basic research in pursuing our desire to find new uses for textile products?

Mr. POLLOCK. I am reminded by the director of our research department, in wool, they do use it for research.

Senator PASTORE. I am merely thinking out loud, like you are.

Mr. POLLOCK. We propose that the tariff on raw wool be eliminated and that the cost of the present incentive payments under the National Wool Act of 1954 be paid out of the Treasury's general funds. We urge a one-price policy for raw cotton.

As immediate measures to help our industry recover from its depressed condition, we propose that public contracts be granted to mills in distressed areas. At least 50 percent of textile purchases for foreign use under our foreign-aid program be made in domestic mills. Textiles should be distributed to needy nations abroad.

Clothing and other textile products should be distributed to needy persons at home on the same principles that apply to surplus food. Textile stockpiles should be reestablished for our Armed Forces. The area redevelopment bill should be adopted to provide Federal stimulation to revive distressed textile communities.

To discourage the liquidation of mills by individuals seeking to make windfall gains at the expense of the Federal Treasury, we urge the closing of corporate tax loopholes.

To protect the interests of the worker, we urge the establishment of a 35-hour week during periods of economic recession in the textile industry, with no reduction in weekly pay; revision of the Taft-Hartley Act to revoke the immunity given to employers to coerce and intimidate workers under the guise of free speech, to make employers responsible for the behavior of those conducting antiunion activities in their behalf, to restore the right of the National Labor Relations Board to conduct preelection hearings, to provide adequate penalties against employers who repeatedly commit unfair labor practices, and to insure uniform labor laws covering workers in interstate commerce so State courts and legislatures will not continue to be free to overrule Federal policy in this field.

Finally, and in view of the large number of mill closings, we urge that special benefits be provided to affected textile workers because they usually face severe reemployment problems.

Such benefits, provided along lines of the Transportation Act of 1940, should include separation allowances, financial aid for moving, occupation retraining benefits, and advancement of retirement eligibility under social security.

Textile workers deserve special consideration because their problems are of a special nature. Consequently, our proposals for a program to revive, rebuild, and stabilize the textile industry must take this situation into account.

We would like to point out that the North is plagued by many distressed areas containing chronically unemployed workers stranded by closed textile mills. And the South is plagued by underdeveloped areas unable to absorb workers because of a shrinking and unstable textile industry.

No program has been suggested to date which can be as effective as rebuilding a basic industry in these areas. In the North and South alike, that industry is textiles. To do it requires several basic ingredients:

One of them is a permanent Textile Development Agency which can produce a crash program of research to convert this industry into one of growth instead of stagnation.

The second ingredient is adequate protection against imports. We ask the Government not to allow a shortsighted policy on foreign trade to destroy our industry.

The final essential is cooperation between management and labor. It's time the man on the loom was given the recognition he is entitled to under the law. It is time his services were enlisted—and with them the resources and energies of his union—in rehabilitating and stabilizing his industry.

Again, with the reading of the statement, I want to express appreciation for this opportunity to appear and make it before your committee.

Senator PASTORE. Mr. Pollock, can I refer you back to page 5 of your presentation?

Mr. POLLOCK. Page 5?

Senator PASTORE. Yes, sir; where you have outlined your recommendations.

You say in your second recommendation: "To insure the survival of the textile industry, we urge the safeguarding of the historic levels of domestic textile production from foreign competition." I notice that in all of your recommendations you have not used the word "quota." What do you mean by this?

Mr. POLLOCK. Quotas.

Senator PASTORE. Quota. The reason I asked that, Mr. Pollock, I was wondering if you were substituting the idea of invoking of a quota and substituting for that this double tariff system that you have outlined?

Mr. POLLOCK. Fundamentally, we are substituting different language. I understand "quota" is a dirty word around Government circles nowadays.

Senator PASTORE. You mean the same thing?

Mr. POLLOCK. We mean the same thing. We would like to see the industry protected on a basis of imports from countries as well as products on a quota system.

Senator PASTORE. A strong argument was made here and I would like to get your observation on this. A strong argument was made yesterday, that, of course, prevails throughout all our thinking when we discuss this matter of international trade. I think all of us are patriotic Americans and we are conscious of the necessity of promoting world peace.

I think that any American is willing to make any sacrifice in order to have peace in the world and to promote the security of this Nation and to protect our freedoms. Of course, we have now drifted into the habit of using certain cliches to justify almost any situation that happens. The argument was made here yesterday, that what difference does it make if you have to close 14 mills down in Rhode Island in the period of 2 years, what difference does it make if you have to close down 16 textile mills in Massachusetts in the last 2 years, if this means world peace.

Now I would like to have your observations on this. I mean, do you think that this tremendous sacrifice has to be made, particularly in the textile industry and that world peace hinges upon the American textile industry being liquidated?

Mr. POLLOCK. I think the position of our organization is well known. We pride ourselves on not being isolationists. We believe in world trade, but we don't think the burden of peace or world trade should rest on the shoulders of one industry. They shouldn't be required to make a greater contribution than all other industries in America. We feel that is what the textile industry is doing today. We think that it deserves some protection. People employed in this industry for 30 and 40 years now have no place of other employment. We think this is a sacrifice they shouldn't be called upon to make, on the basis that it will guarantee world peace.

I don't think whatever happens in the textile industry is going to assure peace or bring about war. It may make a contribution like many other things that will be done, but it certainly doesn't rest on the shoulders of this industry.

Senator PASTORE. Do you feel that through the invocation, as you have suggested, of a better tariff system and possibly this limitation of foreign imports into the United States, there would be sufficient for all of us to live on a sensible, reasonable basis, without destroying American industry entirely, in the textile industry I am speaking of now?

Mr. POLLOCK. Our position has been down through the years that if a quota system could be established——

Senator PASTORE. Let me ask it this way rather, and you may consult with any members of your staff, Mr. Pollack, because I think this should be borne out in the record: Do you think that the textile industry worldwide is overproduced?

Mr. POLLOCK. Worldwide—our research department suggests it is now overproduced if we take it on a worldwide basis. I think one of your problems, however, if you will permit, Senator, in these underdeveloped countries, they are establishing textile industries for the purpose of export rather than internal use.

Senator PASTORE. I was going to come to that. That was going to be my second question.

My second question would be, there ought to be greater development of the uses of textile industries in these very countries which are manufacturing it. There ought to be more of an educational program in those particular countries to use much of their product to clothe the backs of their own people. Do you agree with that?

Mr. POLLOCK. Yes, I do, and I think our Government could exercise some judgment when they are giving foreign aid to these nations, that it shouldn't be for the purpose of developing textile industries over and above what their own personal needs are. That is what is happening.

Senator PASTORE. May I ask you another question and then I am going to lead to this question on unemployment which I think is quite important. My other question is this: We are told constantly in this committee, and in the Congress, and we are told through the press, and through radio and on television, that our exports are constantly rising, that while there has been a spiral upward in our imports, our exports are in good shape—I think that even the President of the United States said that, which is statistically true.

As against this statement, this general statement, I am going to ask you the question specifically with reference to textiles, how is our export situation over the past 2 years in textiles compared with the import situation over the past 2 years in textiles?

Mr. POLLOCK. Senator, I would like to ask our director of research, Solomon Barker, to answer this question.

Senator PASTORE. All right.

Mr. BARKER. The statement has already been made and elaborated in the longer statement, that exports of American textiles in cotton, which has been our primary source of exports, has been declining, and further in our longer statement, we elaborate and project ahead the probability that the volume of our exports is likely to decline even further.

The closing of the Cuban market, we hope temporarily, was a very large setback. The regulations in Canada are very serious, and the South American and south African limitations on imports are largely because of the development of their own native textile industries. It will be a very serious deterrent to further exports from this country.

I think we can look forward in the near future to the day when our cotton textile exports will be relatively insignificant. We will maintain for intermittent periods exports of manmade fiber fabrics of various kinds of a specialized nature during the periods when the foreign countries, particularly Europe and Japan, learn to manufacture products similar to those which we innovate, but even those are not likely to be of any long-term importance.

Senator PASTORE. So insofar as the textile industry is concerned, at the present time, with the prospect that the situation will become worse rather than better, it is your considered opinion that our exports are declining in textiles while our imports are rising?

Mr. BARKER. Yes, sir.

Senator PASTORE. Now on this question of unemployment, you say on page 4: "Unemployment now"—you are speaking of unemployment in the textile industry—"has hit them harder than any other major industrial group."

Is that documented in the presentation that you have made in the long form?

Mr. POLLOCK. The answer is "Yes."

Senator PASTORE. In other words, you are furnishing to this committee documentation that unemployment in the textile industry is worse than any other major industrial group in the United States of America?

Mr. POLLOCK. The answer is "Yes," we are documenting that. The only other major industry is mining, where it might be equal or harder.

Senator PASTORE. Mr. Miernyk would like to ask a question.

Mr. MIERNYK. When you refer to the seriousness of unemployment, you are talking both about the unemployment and ratio in textiles and mining, not necessarily as a percent of the total labor force in the industry this year or in any particular year?

Mr. BARKER. The rate of unemployment in the textile industry as measured either by number of unemployed as of the insured population or associated with the textile industry, or as a percentage of the number of people in the labor market associated with the textile industry, that percentage of unemployed is higher in any other industrial group—that means manufacturing industries—and the only other group which exceeds it is that of mining.

And, of course, the duration in textiles is equally longer than any other group, exceeded possibly only by mining, but when you get to differences of such extreme, they are hardly worthy of note.

Senator PASTORE. Mr. Pollock, are there any other observations to be made by any of your associates?

Mr. BARKER. I would like to just have a moment, Senator. There is a statement on behalf of Mr. Wesley Cook, dealing primarily with the rayon phases of the industry, which we would like to have entered into the record.

Senator PASTORE. Without objection, so ordered.

Mr. BARKER. There is one phase only on which I would like to comment because it relates to the No. 1 item on Mr. Pollock's statement about the development agency, a matter on which we believe more and more attention should be focused. Several of the supplementary statements dwell on the subject of research and we would like to present for the record another statement, which is called Review of Textile Research, appearing in America's Textile Reporter, and written by a man by the name of Mr. Strange, who is one of the technicians in the industry, who has been one of the inventors. He very fully reviews the extent to which research has been conducted in the industry and interestingly enough, arrives at the conclusion which we have presented to your committee previously, and which we reassert, that this industry will find many solutions to many of its long-term problems, even international competition, if there were a special exertion made in it to deal—to place more funds at the disposal of the research facilities available or that should be constructed for this purpose. We would like to urge the inclusion of this item in the record.

Senator PASTORE. It will be incorporated in the record by reference and kept on file with the committee.

Mr. BARKER. In order to dramatize this problem, since the last hearing we had before your committee, I came across one item which so clearly dramatizes a statement which we made in our 1958 hearings, that I will take just a minute to unfold it for you for literally it is an unfolding agent, almost a magician. Omar Khayam had textile housing, and in our previous statement, we said, there is no reason why all the homes and all the buildings of this country couldn't be made of textiles, and of course that seems like a fantastic idea.

Now I would like to show you what an inventor developed as a result of the pressure from the Air Corps to develop radar domes for airplanes because plexiglass and other substitutes were no longer useful to withstand the pressures in the upper atmosphere and at the high speeds. That man is in the electronic airplane parts manufacturing business. He has no ken of textiles. He had no relation to textiles prior to this military pressure. All he has is five looms at the present time, and these are only experimental and it is a toy in his hand.

This is what resulted from a little pressure from the Air Corps, and these were financed, these experiments were completely financed by his own funds, and the consequence was the construction, the development of a loom, a new device on a Jacquard loom, which holds tremendous promise.

There are many flaws yet in this particular device, but it has tremendous possibilities and it really can capture the imagination of people as it did mine. Descriptions of this are included in the exhibits and descriptions have appeared in many national product magazines. Here is a loom which permits the weaving, in this case, of three layers of fabric, a top, a bottom, and a middle layer, which when there is a device inserted for spreading, creates a truss effect. This truss effect, which appears in many, many different forms, has tremendous possibilities, none of which have yet been realized, but because this is hardly 6 months old.

This particular truss has potentialities for truck bodies, doors—these are areas where they are being studied at the present time—doors, sidings, building walls, separation parts. It has the tremendous advantage of creating without further assembly, a space separator which requires no further labor or addition than as seen here. As I have said, you can take a truck, with this fabric, one truck to a building site, and have all the building materials that you may need.

Another device, which the same group has had to develop for military purposes, namely, a honeycomb, which has widespread industrial uses already, and is being applied in various ways.

I merely offer these as an illustration to people who doubt the potentialities of research and in creating new uses, that while our conjectures 2 years ago may have seemed wild, here is a nontextile man, merely under pressure to devise a mechanical device, no fundamental research, and he was able to innovate them in this way.

We hope that the industry will see its way clear toward supporting some program of national research and realize the potentialities which the research people associated with the industry indicate lies ahead of us. They share this same optimism which we have expressed in our statements repeatedly.

Senator PASTORE. Thank you very much, Mr. Barker.

Mr. Thurmond?

Senator THURMOND. Mr. Pollock, I notice on page 11 of your statement, you give the number of cotton and rayon mills that have closed from 1946 to 1960, also the number of woolen and worsted mills, dyeing and finishing plants, and the number of employees, too. I have heard a recapitulation. I wonder if you have a recapitulation. That makes 844 mills that have closed from 1946 to 1960. Is that a correct number?

Mr. POLLOCK. We have 845, which is close enough.

Senator THURMOND. What is the total number of employees?

Mr. POLLOCK. Over 230,000.

Table 11 in the large statement.

Senator THURMOND. Table 11. I have that but I don't have the total. It doesn't seem to show the total here.

Mr. POLLOCK. It is over 230,000.

Senator THURMOND. Someone testified yesterday that—I think it is one of the unions—half a million employees had lost their jobs because of mill closings.

Mr. POLLOCK. Do you know what period he used, Senator?

Senator THURMOND. I understood he used from about 1947 to 1957.

Mr. BARKER. We have that.

Senator THURMOND. The figure we had when we held the hearings about 3 years ago, was 435,000.

Mr. BARKER. We have, Senator Thurmond, a table here which specifically measures that. It is table 15. Here on table 15, it is 1,146,300 in the Census of Manufacturers in 1947; 826,000 in 1958; and 815,000 in October 1960.

Senator THURMOND. Are you speaking of the number of jobs that have been lost?

Mr. BARKER. Number of production workers in the textile products industry.

Senator THURMOND. Now, are those the ones who have lost their jobs?

Mr. BARKER. Those are not the numbers that have lost their jobs——

Senator THURMOND. What I am trying to get the figure on is the number of jobs that have been lost by mill closings, say since the end of World War II, and I believe that figure 3 years ago, when we held the hearings, was about 435,000, and I wonder what it is now?

Mr. BARKER. Mr. Pollock has already given you the figure which was a summary of table 11, that is 200-and-some-odd-thousand jobs lost through mill closings. Then the net reduction in employment in the industry from 1947 to October 1960 is from 1,146,000 to 815,000; in other words, 330,000 people.

Senator PASTORE. Mr. Miernyk wants to ask a question on this.

Mr. MIERNYK. You mean employment has been dropped by 330,000, but because of turnover and so on, during the total period, actually more people would have been laid off? There have been some new people coming to the industry?

Mr. BARKER. Correct. The 330,000 we gave is the net, from 1947. Now, there is one other fact which may be helpful. At the peak, we had a peak of 1,300,000 in February 1951.

Does that help, Senator Thurmond? In other words, the figure of employment in 1947 is only 1,147,000, but in February 1951, we had at the peak 1,330,000. Of course, it all depends which figure you take in order to measure the reduction.

Senator THURMOND. Thank you very much. I remembered when we held a hearing in Charlotte in 1958, I believe it was, I think it was your union that gave a list of all the mills that closed in each of the States and it was mostly full. My recollection was that it showed a total of about 719 mills having closed since World War II, and a loss of 435,000 jobs.

Mr. CANZANO. Senator Thurmond, may I clear that up? If you use peak employment of 1951 when the industry employed 1,300,000 people, bringing that figure down to 850,000, makes it 450,000 jobs. But if you use the comparable figure of 1946 and 1947 to 1960, there were less people employed in the textile industry at that time.

Something else, Senator, your figure of 450,000 jobs being lost because of liquidations, can also be correct because other mills have reopened in the industry.

Mr. POLLOCK. Not necessarily because of liquidation; that took in all facets; in other words, technological improvement, and the automation, everything else, that caused a shrinkage in employment. It didn't necessarily mean mills had to go out of business to throw these workers out of work.

Senator THURMOND. Let me ask you this: All of the other countries I have been able to get information on, and I have had some research done on it, have a method of protecting these industries. In other words, my information is that Japan has a quota system and it doesn't allow goods to come in that are not needed in Japan. And other countries likewise. Some use a tariff. Some use a quota. Some use import licenses. Some use currency controls, and there are other methods used.

Does it make sense in this country that we should just open the floodgates and let unlimited excess amounts of foreign imports from low-wage countries come in here and destroy the jobs of our American people? Does that make sense to you?

Mr. POLLOCK. I am sorry, Senator, I was just asking him a question about the Common Market countries.

Senator PASTORE. I think Mr. Thurmond will repeat the question.

Will you repeat it, Mr. Thurmond?

Senator THURMOND. I just mentioned that other countries have ways of protecting their own industries, but in this country, we just seem to allow unlimited amounts, excessive amounts, of imports to come here and destroy the jobs of our own people. It doesn't make very much sense to me and I don't believe it does to you.

Mr. POLLOCK. It certainly doesn't, and that is why we are protesting at every opportunity we get, before anybody that is willing to listen to us, that we think there should be some protection against the imports.

Senator THURMOND. When the management and the labor all agree and there is no contradiction of the fact that quotas are the only remedy and the mills are closing, and when textiles are so important to this Nation, ranking second in importance to steel in the matter of national defense—and so important in other ways—do you know any

reason there should be any hesitation on the part of Government, executive branch and the legislative branch, to take prompt action to remedy this situation?

Mr. POLLOCK. No, I don't. There is only one thing I would like to say about the remarks you just made. Our union, I think, was the first to come out for quotas in the textile industry and it took us years to educate the manufacturers that was probably one of the most sensible ways to arrive at a solution of this problem. I had occasion, with Mr. Barker here the other day, to ask him the same question that Senator Pastore asked me, why do we stop talking about quotas and talk about this protection of domestic level of production? It looks like we now have the employers talking about quotas and we are getting away from it, we all ought to have the same language.

No, it doesn't make any sense to us, as I said before, that we should sacrifice the textile industry. We should have some protection and that is why, as said before——

Senator THURMOND. Doesn't it seem inexcusable when this condition exists, with the mills closing, hundreds and thousands of people having lost their jobs—other thousands are going to lose them. As has been testified to here in these hearings—doesn't it seem inexcusable if Government doesn't take some action at this time?

Mr. POLLOCK. It seems inexcusable to us, yes.

Senator PASTORE. On that very point I should like to ask this question. There is no precise answer to this, but merely to get your opinion for the record. The President in discussing his remedies for curing this imbalance of payment, and it has even been said by this committee on several occasions, that what we should do is implore our friends abroad who have revoked these restrictions to remove these restrictions so that we can increase our exports and thereby diminish this imbalance of payments.

Now my question to you on this point is this, if all restrictions were removed by some of these countries with regard to textiles do you see that applying to the textile industry as might apply to other manufactured goods in connection with the imbalance of payments? Do you understand my question?

Mr. BARKER. I don't, not the concluding clause of it.

Senator PASTORE. One of the solutions or remedies that has been proposed in diminishing the gap on the balance of payments has been the agitation and the excitement of more exports abroad in order for us to sell more. The President has made several suggestions along that line of staffing our offices abroad so that we can sell more American goods.

Do you see the same prospects for American manufactured textile exports in bringing about a balance between exports in textiles and imports in textiles?

Mr. BARKER. No, sir. I indicated previously in response to a question on the prospect for exports of American textiles, I do not believe that we will enjoy the same opportunities for expansion of American textile exports as might be possible in capital goods items.

Senator PASTORE. Could you elucidate a little further why?

Mr. BARKER. Yes. The basic problem in the area of textiles is somewhat as follows: One, just taking the components of the costs. We buy the same raw material. Unfortunately, from the point of

view of our industry, we are handicapped in the cost of most raw materials inasmuch as they are higher, both as to cotton and wool, and many of the other fibers where our domestic prices are higher for the manufacturer, which places a handicap.

Secondly, we also have a higher level of employee earnings and benefits. These benefits are offset, obviously, by a much higher level of individual man-hour output than that found in other countries. However, during the postwar years, many of these countries, the manufacturers in many of these countries have installed the most advanced technology which is available and, as a matter of fact, in some cases the technology has been invented, as in the case of Europe and Japan, some of the most advanced items in technology have been innovated by those companies themselves.

We do have the advantage in some of these other items, of course, such as interest rates, availability of capital, liquidity of resources of many of our manufacturers, but overall we would not be able to expand in the world textile market as freely if the restrictions were removed as would be possible for capital goods.

Senator PASTORE. Therefore, is it fair for this committee to assume that insofar as the textile industry is concerned, the same opportunities are not available to us for purposes of expansion of our export trade that might be to the others under the program that has already been talked about and initiated?

Mr. BARKER. Correct.

Senator Pastore, Senator Thurmond, and Senator Cotton, I would like to introduce one other item here because it is normally not given adequate attention in these discussions, and it is of very recent origin.

I would like to call your attention to the section in our larger statement of a very close study dealing with the common market disruptions established by GATT, at the initiative of the Under Secretary of State, Mr. Dillon.

This committee was established in October or November of 1960 at the instance of the U.S. Government. A plea for this was originally made in December of 1959 by Mr. Dillon at the Tokyo GATT Conference.

Now, this seems to me, and to our organization, to be an extraordinarily poor acknowledgement of the disturbing nature of imports to our country. Mr. Dillion and members of the State Department at that time, trying to deal with the threats of imports, were trying to circumvent the ordinary tactics and techniques of tariff regulations and quota, national quota systems, and to establish a substitute or alternative channel through a permanent committee on market disruptions established under the GATT organization. They succeeded in establishing this channel.

It appears, therefore, that we now have first an acknowledgment by the State Department that imports in our country, textile imports in our country are significant and disruptive; secondly, they were improvising or creating a new agency, supernational agency, which might deal with some of these problems.

We have no indications as of this moment as to what steps the new administration is likely to take in order to implement this particular channel and give an opportunity for safeguarding the American textile industry through this means. The textile industry, by the way,

is the first industry which will be considered for special attention by this committee of market disruption, because in the studies which were prepared prior to its formation it was pointed out that the major focus of an incidence of market disruption in world trade was in the textile and apparel division, and, therefore, warranted this immediate attention.

We believe that this kind of device may possibly provide new leverage in this situation, not that it is necessarily a solution, or that it necessarily will be used in this way, but we call your attention to this new technique which may possibly provide more leverage in negotiations with other countries on a multilateral basis.

One of the possibilities, and I am only conjecturing, so that you will know some of the thinking which is available in Geneva and other areas at an international level, one of the possibilities may be to substitute a multilateral quota or a quota system or an agreement system for unilateral or bilateral agreement.

As you know, our statement, Mr. Pollock's statement, says that the voluntary quota system with Japan is endangered by a flow of imports from alternative countries. Now possibly one of the ways of surmounting this difficulty might be to negotiate multilateral agreements through this committee on market disruption.

Now I don't know whether the State Department is liberal enough and profound enough in its concern for the welfare of this industry to take this step.

Senatore PASTORE. You mean that the end result might be, would be a universal voluntary quota system on a multilateral basis, but agreed upon by each individual country exporting to the United States?

Mr. BARKER. This could possibly happen. As a matter of fact, I might add, it is envisaged by the authorities in Geneva, but these are opportunities which now exist which have not yet been adequately thrown into the hopper.

We refer to it in our statement, and I simply thought I would call it to your oral attention so you would be aware of this new technique which might save this administration or subsequent administrations from embarrassment in——

Senator PASTORE. The gravamen of your point at this juncture, is that here we are, not speaking of a fiction, but speaking of a fact which has been recognized, even by the representatives of our State Department, and I would assume recognized by foreign governments, particularly Japan, on their own initiative, agreed to a quota on 235, originally, square yards of cotton cloth.

We had a very, very disturbing piece of testimony here this afternoon, disturbing to the sense that Japan was now beginning to feel that she has maybe gone out on the end of a limb because, as you say, alternative countries are now exporting even much more than what inhibits her, chiefly Hong Kong, Portugal, Spain, and other countries.

Senator COTTON. One thing on this point that was just raised, so it will be placed in the record. I was in Geneva last fall when this committee was formed as an observer for the Senate.

I agree with you that it was a very significant step in that it did recognize the problem facing many nations of the disruption of markets. However, without throwing cold water on it at all, I think that we

should not be too optimistic about immediate relief through GATT and through this committee for this reason. It was very definitely and pointedly laid down not once, but two, or three times in the course of the adoption of this, that by disruption of markets was meant suddent large shifts or imports or exports that caused a sudden and marked disruption, that they did not mean to attack problems where the disruption was a gradual and a cumulative one.

In other words, I asked the director general, whatever his title was, this very question and got a very definite affirmative answer. In their opinion—by their I mean the contracting parties and the authorities of GATT—this is designed to take care if a river gradually changes its course and erodes somebody's land, why this would take no action. If there was a sudden freshening and washed it out all overnight, they would.

Now with that kind of an understanding of what they have in mind at present, they may broaden their scope, with that kind of understanding, that this committee on disruption of marketing set up by GATT is going to function, but it is only going to function suddenly after a land freshet that affects markets rather than gradual erosion. I am not sure how much that is going to be and how much it is going to go into that situation which confronts us today in the textile industry. I hope it will, and I agree with you that it is a marked advance.

Mr. CANZANO. Senator, isn't that somewhat the same problem we have in this industry? In our domestic policy if an industry has a layoff of one hundred or two hundred thousand workers, it becomes a major catastrophe; but in the textile industry, because we layoff three or four hundred thousand workers with pockets all over the Nation, no one pays attention to it.

Should it not be the duty of you Senators to make the different departments pay attention to these problems, even though they are not major catastrophes for 1 day or 1 week?

Senator COTTON. I couldn't agree with you more. That is correct, but I am talking about—I just wanted the record to show that even though that action by GATT in Geneva is a recognized and a hopeful sign, that we must not be too reassured by it because of their conception.

What you are talking about is what we should do locally in our own country with our own executive department, and that is exactly what we are here for and what this committee has been trying to do, exerting every effort.

Senator PASTORE. If I may interpolate, that is precisely the point we are trying to make here. The remedies which have been suggested thus far, while they may have a far-reaching effect, generally speaking, they do not apply specifically to the problem that confronts us here now because of the characteristics of the textile industry and what has happened to it during the past 10 years.

This is the one industry in the United States of America that has remained constant in the past 10 years, even though we have experienced a phenomenal growth in our gross national product, in our productivity. That is the reason why we are confronted with this particular problem before this very subcommittee.

It is my considered opinion that unless we begin to take very affirmative steps and begin to talk more affirmatively about the subject of quotas, that I am afraid we are not going to even have an understanding abroad.

It might well be the chances are we will achieve the things Mr. Barker has talked about a little quicker than we might ordinarily expect if we begin to point up the fact that unless something is done in that way, it will have to result in American instituted quota. Usually that is the way things happen. It is the way things happen around the Congress of the United States.

Unless you begin to initiate one counteraction, you don't get something done on the other side. Now, it might well be that the best solution of this would be a voluntary quota system throughout the world in textiles that we could agree upon. It might be a sensible solution. I am not saying that it is, but surely you will never get it. You are certainly never going to get it unless we begin to take positive steps on our side and the fact that this matter has been talked about in Tokyo, and I read that speech, the fact of the matter that now we are beginning to become concerned with imbalances of payments, why we talked about that 10 years ago.

We have been talking about these imports and exports and what they have been doing to our American gold for years and years and years, and yet it was only openly talked about in 1959 when the financial ministers of the world met right here in Washington in September.

I remember when I sent for Mr. Kearns, I believe it was, in the Commerce Department, when Japan had asked for an increase of 15 percent on that voluntary quota, when they were asking for the 15 percent increase over the 235 million yards. I made a speech to him about killing the goose that laid the golden egg. He laughed at me in my office and 4 months after that he made a speech in Tokyo and he said to the Japanese people precisely what I said to him in my office. Yet he laughed at it 3 months before.

Now we are beginning to talk about cutting down the $500 duty free, down to $100. Well people laughed at that several months ago, but here we are; we have to do it today. People laughed at our report in 1958 and the recommendations that we made. I will bet you dollars to doughnuts they are going to come around to it sooner or later, otherwise the textile industry in the United States of America will die unless something is done about it.

I have made my speech.

Mr. POLLOCK. Senator, usually when we get into these kinds of hearings it resolves itself into a discussion of international trade imports. We are not at all certain that if all textile products were kept out of this country that it would solve the ills of the problems of the textile industry.

Senator PASTORE. We realize that.

Mr. POLLOCK. I got into the textile industry in 1921 so I have been living with these problems for a long, long time, through many administrations and through many different laws insofar as international trade is concerned.

We would like to direct the attention of the committee to some of the other recommendations we made, specifically more research for the expansion of local markets for the products of the textile industry; and more cooperation, of course, between labor and management.

Senator PASTORE. I agree with all that, but Mr. Pollock, if I may interrupt at this moment, I remember one time there was a threat of closing the Sayles mill in Rhode Island. I went to have a talk with the owners to see if something could be done to continue the operation of that particular mill. Mr. Canzano is familiar with that, and I was told there was nothing they could do. They were waiting for a cutter of cloth in New York to return from Japan to find out what his negotiations would be on the purchase of cloth in Japan before they could talk even about what inventories they would get into.

Now with that kind of climate and atmosphere, who is going to put up dollars for research? That is precisely what you are saying and it is absolutely important, but we have to put this industry on a paying basis before they are going to allocate surpluses for research.

Now I quite agree with Mr. Barker that this has to be done and if the industry itself, because we have a lot of small mill operators in this particular industry, they can't do it; I think myself, I join with the suggestion made by Mr. Barker 2 years ago, at least, that the Government help to do some of it.

Mr. POLLOCK. We wanted to leave that thought with you.

If you have no further questions to ask from us, because we sometimes get quite alarmed and disturbed to find in the industry that some of the employers who are yelling the loudest about imports, we find them buying foreign machinery and foreign yarns to put into their domestic production, domestic product, so they can't have it both ways.

Senator PASTORE. That is right.

Mr. POLLOCK. They can't have it both ways. If they believe that something should be done about imports, they should not contribute to the importation. I think we ought to set up, as we said, some method of controlling the amount of imports that are permitted into this country.

I want to wind up by saying again that our union is not isolationist. We believe in world trade. We feel that the textile industry should make its contribution to world trade, but it should not be called upon to sacrifice the industry on the altar of——

Senator PASTORE. I quite agree with you and I am just going to close with this one note on this particular phase of our hearings. I know, and I quite agree with you, the word "quota" hasn't been a pleasing term in the State Department nor has it been a pleasing term even in our whole philosophy of international trade. But on the other hand, what we are running into now are the words "Buy American" and that isn't going to be very conducive to world peace and good relationship with our friends. If we get ourselves into that frame of mind, I think it is even going to be worse than the other, and that trend is on. That trend is on.

You remember when we were rebuked on the recommendations that we made about spending more of the procurement money with American manufactured products. We were told that this couldn't be done, and yet we are doing that now. One of the worst things that could happen to America is to get ourselves into this way of

"Buy American," frightening off all of our friends, making them feel that their products are not welcome.

We don't really have to get to that extreme, and I am afraid unless we find the intermediary measures that are necessary now to remedy this situation, we are going to go to that ultimate extreme. That is the worst thing that could happen to us in promoting peace in the world.

Mr. POLLOCK. Senator, I would like to second what you have just said. This is not a dream. It is already occurring in these United States. I went through it years ago when we tried to boycott Japan sending in full-fashioned hosiery to this country by a "Buy American" campaign.

When we were holding these breakfasts last week and the week before with Congress, Members of Congress and the Senate, I had delegations from our local unions saying that they were setting up their area, their region, "Buy American" campaign, and our own union is going to have a task on its hands trying to prevent just exactly that, because I think it can do the Nation no good, do the industry no good, and do the workers in the industry no good. They are getting around. They have heard so much about foreign imports that they are talking about "Buy American."

Senator PASTORE. I want to thank you gentlemen.

Mr. POLLOCK. Thank you.

Senator PASTORE. Our next witness is Mr. Emile Benoit, president of the French Worsted Co. of Woonsocket, R.I.

(No response.)

Senator PASTORE. Our next witness is Mr. Stanley B. Thomas and Mr. Dwight Owens.

May I call off the order of the witnesses here so you may be apprised and gather your papers together and be ready for us?

The reason why I make that suggestion is because we do have a long day and a long list.

The next witnesses are in this order: Mr. Murray, of the Rhode Island Chamber of Commerce, and president of the Murray Worsted Spinning Co.; Mr. Schlomm, president of the Woonsocket Spinning Co.; Mr. Rubin; Mr. Phillips; Mr. Matthew H. O'Brien; Mr. Nelson Stitt; Mr. Lerner; Mr. Corno; Mr. Andrews—and that is about as far as we go with witnesses that are here today.

Now, are all these witnesses whose names I called in this room now?

(One person's hand was raised.)

Senator PASTORE. All right.

STATEMENT OF DAVID CURTIS, PRESIDENT, RHODE ISLAND TEXTILE ASSOCIATION, AND VICE PRESIDENT OF KENYON PIECE DYE WORKS, INC.; ACCOMPANIED BY DWIGHT H. OWEN, DIRECTOR OF PERSONNEL, CRANSTON PRINT WORKS; AND STANLEY B. THOMAS, SECRETARY-TREASURER, RHODE ISLAND TEXTILE ASSOCIATION

Mr. CURTIS. First of all, as a Rhode Island manufacturer, I appreciate the privilege of appearing before your subcommittee, Senator.

My name is David Curtis, vice president and secretary of the Kenyon Piece Dye Works, Inc., of Kenyon, R.I.

I am appearing here today as the president of the Rhode Island Textile Association, a voluntary group of manufacturers in all segments of the textile industry who have their plants in Rhode Island. We believe we are unique in that respect since our membership represents all phases of the industry from yarn mills through garment manufacturers. Its membership employ a majority of the textile workers in the State. Practically all the large firms actively participate in the affairs of our association and what we have to say we believe will provide you with a broad sample of how the industry as a whole feels today.

We will not duplicate the production, import, export, and employment figures which have undoubtedly been presented to you by the national groups except to point out imports are coming into this country at an ever-increasing rate. Rather we will try to bring the record up to date as it relates to Rhode Island, or to put it another way, to provide you with a "grassroots" picture of developments in our industry in the past 2 years.

When this committee heard testimony in Providence, we outlined the tremendous contraction that had taken place in the past 10 years. Despite this loss, we assured the committee we were the largest employer of Rhode Island citizens and that we would do all in our power to remain in this primary position.

Since about that time, I regret to inform you that we have lost two firms, one employing about 200 people and the other, the largest finishing plant in the Northeast, the Sayles Finishing Plants, Inc., which is closed permanently; 600 jobs have been lost there. No relocation in another part of the country or abroad is contemplated. It closed because there was not enough business for this firm to continue on a profitable basis.

From a humane point of view this closing represents a great personal tragedy to the people working in the plant. To provide this committee with some insight into what a blow such a closing represents to the whole community, I would like to submit for the record two stories appearing in the Providence Journal and the Evening Bulletin of December 5 and 6, 1960.

If you will note, one covers the historical background of this company and its contribution to the economic and cultural life of our State and the other covers in some detail what the closing means to the workers, many of whom have spent their entire working careers at this fine firm.

Mr. CURTIS. Our industry provided employment to an average 29,500 Rhode Island workers in 1959. They earned an average $1.66 per hour and worked an average 39.7 hours per week. In 1960, we provided employment to an average 27,900 employees. They earned an average $1.73 per hour and worked 38.9 hours per week. As of December 1960, we hit a new alltime low with only 25,800 people in our mills. This is 5,000 employees less than in December 1959.

We believe this committee and Dr. William A. Miernyk in his study of Inter-Industry Labor Mobility: The Case of the Displaced Textile Worker, has shown fewer than half of displaced workers through closing are reemployed and two-thirds of those rehired are earning less. More of the displaced workers found new employment in textiles than any other industry. More important, the majority

of those who found nontextile jobs indicated a preference for textile employment.

To bring this continued contraction of our industry out in the open is regrettable. However, I know from personal knowledge this year will be a year of decision for other textile firms. And if our information is correct, this situation is not limited to Rhode Island, but rather extends throughout the textile area. Provided we all acknowledge these developments and decide to do something about it, real progress can be made and some adverse management decisions may well be delayed or even reversed.

Just to paraphrase, not to continue reading, we did bring out that we were quite pleased when the 10 recommendations were made by your subcommittee, and we have every belief that the Government would look favorably on these recommendations.

Then, of course, when the interagency report came out, turning down every one of your recommendations, we were quite—the Rhode Island manufacturers were quite disturbed.

In our opinion, going back again to my report, in our opinion, the interagency report represents a blind dismissal to practically all the carefully documented recommendations by this subcommittee. It is also our opinion that the recommendations are even more valid today. More so, because imports continue to represent a threat to the survival of this industry. They represent a threat to the capital investment both past and future by management and they threaten the earning capacity of our citizens employed in our mills.

When the Interagency Committee report was first released to the public, this association commented it demonstrated a basic misunderstanding of our industry. To suggest the escape clause provisions of the Trade Agreements Act provide adequate means to protect any industry from damage fails to take into account that since 1948 to July 1960, the Tariff Commission made 90 escape clause investigations; rejected 57, and recommended relief for 33 of which the White House rejected 20.

Of the cases which were reviewed favorably, full duty relief was granted in only six cases. The recent typewriter cloth decision where despite a favorable conclusion of the appeal did in fact fail to control the low wage imports and resulted in an act of Congress to plug a loophole, which Senator Pastore effectively led, demonstrates escape clause investigations are not truly effective.

Senator PASTORE. May I interrupt you at this point?

I am going to call a recess for about 3 minutes. I have a very important duty to perform out here. I don't want to miss any of this. We will have a recess for 3 minutes.

Off the record.

(Discussion off the record.)

Senator PASTORE. All right, Mr. Curtis.

Mr. CURTIS. Obviously, imports must be controlled by quotas by fabric and categories and by countries. Such a system would allow the foreign countries a share of our domestic market. At the same time, it would allow the domestic manufacturer to more accurately predict his potential market, and make his production, capital investment, and employment practices plans accordingly.

As it is today, he does not know where he stands. He can be blocked from his customers overnight. I have brought a few samples of imported textiles to illustrate this low wage competition.

Senator, could I have permission for Stan Thomas to bring a few of these samples up?

Senator PASTORE. Positively.

Mr. CURTIS. These are some examples of cotton fabrics which, within the next paragraph, I will mention being manufactured in Rhode Island. But this will give you an example of what cotton fabrics are coming into this country and the nation they are coming from.

For example, here is a sample of cotton fabric from Spain; here is a finished sample from Japan; another finished sample from Formosa; another finished sample from Switzerland; another finished sample from Japan; another finished sample from Portugal, and another finished sample from West Germany.

I also have here a Japanese worsted sharkskin, 11 to 11½ ounces, landed in New York with duty, which would sell for $3.90 per yard. If made in Rhode Island, it would sell for $4.50 per yard.

Then I have here 240 worsted count, and this is with full duty paid from Japan for $2.50 per pound, which allows for a good profit, by the way. And here is one made in Rhode Island, $2.65 a pound, and that is a breaking point.

Senator PASTORE. How about the comparative quality of these two items?

Mr. THOMAS. This is why we brought them, Senator. The quality is sufficient, so it is competitive.

Senator PASTORE. In other words, it is not a question of improving your technology to outbid them? I mean, insofar as quality is concerned, they have an item that is comparable to what is being produced locally?

It is a question of a differential in price, that is all?

Mr. CURTIS. Right.

Continuing with my statement: each executive department appears to pursue its own independent policy and some of the inconsistencies that result as far as the textile industry is concerned are incomprehensible.

Two price cotton, which allows our foreign competitors to purchase cotton at a price less than what we pay for it, is so patently unfair that it should be obvious to everyone. To reduce the differential 2 cents does not correct the injustice of the situation or make it more palatable.

This lack of consistency seems to permeate the whole picture. One might well ask, if this country is the champion of reciprocal trade, why the duties on wool, cashmere, angora and many other fibers should not be removed. About 80 percent of the raw wool used in this country is imported anyway.

Modern production machinery is being bought and placed in Rhode Island. Up-to-date business machines are in place in some of our plants. This trend could be speeded up if the fact that forced obsolescence plays an important role in the useful life of a piece of machinery could be recognized by our Government.

We need an accelerated tax depreciation allowance to assist in retiring obsolescent machinery for new. Our information indicates the United Kingdom, France, Germany, Sweden, Belgium, the Nether-

lands, and Italy all recognize this need and have provisions in their tax laws which permit such schedules. We think a similar provision in the United States will help.

New products are continually being developed in Rhode Island. Here are some of the newer fabrics that are being made in Rhode Island that in my opinion are attractive and salable [indicating samples].

Here is a sample of fiberglas from Corning, in the drapery field.

Here is one product of my own company. It is the dyeing and finishing—that is Anylon Spinnaker. This is manufactured by Thurston in Warren, R.I., and we are now exporting this cloth to Africa, Australia, Denmark, England, France, Holland, Italy, Norway, New Zealand, South America, Sweden, Switzerland, and West Germany.

It shows you we can do a little exporting, too.

Again, on Hathaway, here are some samples of unfinished cotton goods, and you will notice on the samples that previously were taken up there, that many of these same patterns are being made in other countries of the world.

Again, another series of new fiberglas products, drapery products. Here is a screening, also made out of fiberglas.

Again, one of our companies is going into a nonwoven type of cloth made on the present textile equipment. And again, you can see the varied and different types of samples that we have here.

Let me emphasize the defense contribution that the firms in Rhode Island are making. My own firm is actively engaged in research production for one of our military research establishments. It seems to us that if for no other reason than certainly for the defense posture of this Nation, these recommendations by the subcommittee should be activated quickly.

In your committee report, it advocates funds for research and development. In my opinion, if additional funds under the present departments could be made available, it would expand the uses for textiles not only for Government services, but for industry and the retail market as well.

I would just like to read a copy of a letter I received the other day from Dr. Stephen Kennedy, research director, textile, clothing, and footwear division. I wrote him a few days ago to the effect that I was going to appear before your subcommittee, and I said:

> In my brief I am planning to mention the importance of the textile industry to our national defense effort. In one of my recommendations for improving the ills of the industry, I thought that I would mention the possibility of Congress allocating additional funds for research and development contracts for textiles. With additional funds we would be expanding the uses of textiles not only for Government services but for the industry and for the civilian market as well.

And I mentioned some of the items that we have been working on; for example, the new lightweight tent program. This is a tremendous potential in the civilian market, because where so many of the families are moving around in station wagons and camping out and if you could come up with lightweight tenting, you reduce the load or you could carry more material in your wagon, for example.

Another program which has potential in the civilian market is the air support shelter. I think when they built the automatic post office in Providence, R.I., the equipment was installed under an air support shelter.

It is conceivable within a few years, that homes could be built in northern latitudes underneath an air-support shelter.

An item of wearing apparel, nylon flight satin, which is used by the Air Corps for Air Corps jackets, the leading chains, such as Sears, Roebuck, and J. C. Penney are using this same cloth for civilian men's wear.

They dye it different colors to get more appropriate colors for the particular industry, but actually using the same cloth. I said:

> It seems to me that the Government pays for large research and development contracts in the aircraft and missile program with little civilian carryover.

And then Dr. Kennedy's letter to me says:

> I would agree with you completely that there is a need at this time for expanding research and development in textiles. This would apply both to Government and private areas, but I think that the Government area, which is particularly concerned with consumer and utilization aspects, is in greatest need of a comprehensive research program because of the technological revolution that is occurring in the fiber field. The possibilities for utilizing the rapidly increasing number of new fibers that are coming on the market, as well as improving the competitive status of the fibers produced by American agriculture, provide both an opportunity and a challenge that must be met if the public interest is to be served.
>
> In the military area, with the very limited funds available to us to evaluate possible military applications of new textile products, we are scarcely able to keep abreast of what industry is doing, let alone seek to gain full value from advances in technology. This is quite in contrast to the situation in Russia where the Government is actively supporting textile research and development in a big way, and where the president of the Russian Academy of Sciences is the polymer chemist who was responsible for the development of the new Russian synthetic fiber Enant, Prof. A. N. Nesmeyanov.
>
> There is perhaps too much stress in our country on big spectacular developments, and not enough upon the continuing and additive improvements which characterize the kind of progress we make in the textile industry. The American public has become so sated with space talk that they fail to recognize the significance of the steady rate of progress which Crawford Greenewalt, president of Du Pont, stressed in his discussions of Du Pont achievements some years ago. I am enclosing a copy of his comments which I think are significant as being representative of what research and development can do in the textile field if it is recognized in its true light.
>
> The public interest in textile research and development is a very great one, both from the military and civilian standpoints, and fully merits increased attention by those concerned with the rate of progress in American textiles.

And then just to paraphrase briefly Mr. Greenewalt's excerpts from "The Slow, Steady Way of Progress," he mentions the introduction of moisture-proof cellophane, neoprene, and nylon, how when these first came into the market, there was a tremendous interest in them, but it is the day-to-day research which in the case of cellophane has reduced tremendously the cost of this product and made it available to all sorts of end uses.

Then, just coming back to my report, if all this means setting up the Textile Interagency Committee on a permanent basis, then we wholeheartedly advocate such a step at this time.

However, we must point out that in our opinion, due to the first and only progress report of the old Interagency Committee, it is mandatory this committee be provided the conviction and impetus to work

at its assigned task with vigor and produce results in the shortest possible time.

If this can be done, then important decisions may be deferred or even changed in our area. And do not overlook the fact that Rhode Island is a labor surplus area. It is important that unemployment rise no further than it already has for the economic well-being of our whole State.

If this motivation cannot be developed, then we believe the Congress has no recourse but to take back the regulation of foreign commerce from the executive department, and administer it along the lines as indicated in this subcommittee's report, for we believe the principles as laid down by this subcommittee are readily applicable to other industries that may at some time in the not too distant future be made subject to the low-cost foreign import flood.

To summarize our point of view, there has been no change in the problems of this industry. It is our opinion that the facts you found in 1958 are still with us and, in fact, have worsened as far as low-cost imports are concerned.

The samples I have shown demonstrate that this industry is doing all in its power to remain competitive. Led by the outstanding people in our industry, it is our opinion that steps have been taken to reduce the cyclical nature of our industry.

We are important to the State of Rhode Island because we still provide the livelihood to the second largest group of employees in our area.

Finally, we wish to repeat the overall situation is critical and if quick action can be obtained, the adverse trends we mentioned earlier might well be curtailed and progress for this industry be realized.

Senator PASTORE. Mr. Curtis, you brought out the fact you are exporting this sailcloth and the question will arise in the record, why aren't you exporting your other cloth?

Mr. CURTIS. Well, we are not exporting other cloths because we can't compete on the worldwide markets. The reason that we are exporting our sailcloth is because crews and skippers of sailboats are finding they win races with cloths finished in our plant. That is the only reason, not a question of a lower price. As a matter of fact, we are selling this cloth abroad, it is more expensive than what can be bought, say, in England or on the Continent.

Senator PASTORE. In other words, this is a development that pertains only to one item?

Mr. CURTIS. That is right, sir.

Senator PASTORE. You couldn't more or less take the same credit with reference to your other products?

Mr. CURTIS. No, sir.

Senator PASTORE. And that is not because your quality is either inferior or superior, it is a matter that they are both about the same in quality, but it is a question of variance in price?

Mr. CURTIS. That is right, sir.

Senator PASTORE. You will recall when you visited my office in Rhode Island with your colleagues during the recess period, you brought out to me, as you have indicated today, that the condition

in the textile industry because of the increase in imports, has deteriorated rather than improved.

Mr. CURTIS. Very much so.

Senator PASTORE. That is your conviction as of now?

Mr. CURTIS. Yes, sir.

Senator PASTORE. As you project yourself in the future, unless conditions are remedied, do you expect it to get better or worse?

Mr. CURTIS. We expect that the situation, particularly in our State of Rhode Island, Senator, will get considerably worse, unless steps are taken within the shortest possible time.

Senator PASTORE. I think you have developed here in your presentation today, that there is a variance, if you go to the date of December 1960, of a loss of about 5,000 jobs in Rhode Island in the textile industry in the last 2 years?

Mr. CURTIS. That is correct.

Senator PASTORE. Is the figure quite that high?

Mr. CURTIS. Yes, sir.

Senator PASTORE. Loss of 5,000 jobs.

Mr. CURTIS. That is correct, sir.

Senator PASTORE. I want to emphasize in the record, part of that is for cyclical reasons?

Mr. CURTIS. Yes; Stan Thomas, could you just elaborate?

Mr. THOMAS. The source of those figures is the monthly bulletins by the department of employment security in Rhode Island and, as Dr. Miernyk has pointed out, the cyclical nature of the business, the month-to-month up-and-down of the business is involved in these 5,000 jobs that you have mentioned.

Senator PASTORE. How much of the 5,000 figure would you attribute to closing of mills?

Mr. THOMAS. This is very hard to do. You can't answer that question on the basis of the figures submitted to you today. It is my opinion that the 600 jobs that we mentioned in the brief, and also the 200 jobs from another firm in Woonsocket, do not show up and will not show up until this month.

Senator PASTORE. Any questions, Mr. Thurmond?

Senator THURMOND. I think you made a very fine statement. I want to congratulate you on it and I want you to know, as one member of this committee, I can deeply sympathize with you and your company and other textile industries in a similar situation.

Mr. CURTIS. Thank you.

Senator THURMOND. South Carolina is quite a textile State and our problem is the same as yours. We are suffering from these tremendous imports and it is my opinion something should be done without delay.

Senator PASTORE. Mr. Owens, did you want to make a statement?

Mr. OWENS. Senator I had a statement. I think if I skip through it, it would be much briefer.

Senator PASTORE. Let's do it this way. Put the statement in the record at this point in its entirety and you can summarize.

STATEMENT OF DWIGHT OWENS, PERSONNEL MANAGER, CRANSTON, R.I., PRINT WORKS

Mr. OWENS. I think I can give you the figures to substantiate that this situation is getting much worse.

Primarily, Cranston is an independent printer and as such we imprint designs for the converting trade and the converter in turn sells the piece goods that we may print to the garment cutter and eventually the garment reaches the retail market.

The American Cotton Manufacturers Institute has developed some figures I don't think you have. They estimate that in 1960, the imports into this country will total some $954 million. This is a 14 percent increase over 1959 and 50 percent over 1958, a substantial increase.

The Northern Textile Association recently estimated that on an equivalent square yard basis they took into consideration all of the garments coming into this country, found out how many yards for a garment and so on, and added them all together. They found that in 1958 there were some 460 million yards imported into this country. In 1960, they estimate that this figure has gone to 1,182 million linear yards, which again is a purely substantial increase.

Closer to home, at least to those of us in the finishing industry, are some figures on cotton broadwoven goods. In 1956 there were some 8,077 million yards of cotton broadwoven goods processed in our industry in this country.

In 1960, the estimates are that this has deceased to 7,635 million yards, which is a substantial decrease and is bound to reflect on employment and jobs.

Another item of interest is in regard to cotton shirts, and the Bureau of the Census reports that in 1954—we have to have comparisons—in 1954—181,000 dozen cotton shirts were imported into this country. In 1959, and that is the latest figure that I have, they report 2,214,000 dozen. This represents, if you can visualize it, 26 million individual shirts, coming into this country.

I think undoubtedly that these figures do serve to substantiate the fact that we are being inundated with garments and cloth from abroad.

Needless to say, when we compare the wages that we pay in this country with the wages paid in the Orient, some 17 cents an hour versus $0.74 an hour in textiles in Rhode Island, there is a substantial difference.

You probably have read of President Kennedy's committee report, Cotton Advisory Committee. They said this, and I quote:

> Imports present a threat that can no longer be ignored and these imports jeopardize the entire domestic cotton industry.

There they were referring to the fact that 561,000 bales of cotton were brought into this country.

The committee went on to say that the United States used to have an advantage, production-wise, efficiency-wise, and quality-wise. They said:

> Foreign mills built in many cases with funds obtained through our foreign aid program are as modern as our own. In addition, labor costs amount to only a fraction of the costs of labor in this country and foreign manufacturers have access to low price of raw materials.

This committee, too, recognizes a growing crisis in our industry.

Another report came out in 1960 under the auspices of the Textile Advisory Committee, which I think was a followup of your suggestion, Senator, and they took the position, and I quote:

> In any given market, a relatively small percentage of an imported item priced well below the domestic price has a major effect in upsetting the price structure and the normal competitive relationships.

To me this is really a modest statement when you consider all of the imports coming to this country. They projected into this report that in 1970 here would be some 40 million teenagers in this country. Now where are they going to buy the garments they wear, with their relatively low-pocket money? They are going to go to the most inexpensive garment and attractive garment they can find.

I went shopping the other day. If I had known your sizes maybe I could have picked some up to fit.

Senator PASTORE. Do you want me to tell you?

Mr. OWENS. Too late. I have here three print shirts, this one is made in the Ryukyu Islands, in the northern part of Japan, sells for a dollar. This is not for sale. Here is another one made in Japan. It sells for a dollar. This is the truly regal garment. There is a Regal Textile Co. in this country, too.

Here is another one, made in Hong Kong, for a dollar.

Those are girls' blouses, women's blouses; they are very attractive, printed; they are a nice looking job.

This is an American-made garment from this country and the price on this is $1.99. I tried to obtain blouses somewhat of equivalent value, so you can see that this is almost twice as much as this imported garment.

This is almost heresy for a printworks man to hold up a white, plain unbleached shirt here, with no color on it, but this is a white shirt, sells for $1.98, made in the Crown Colony of Hong Kong.

You gentlemen buy shirts. You can't buy a shirt, an Arrow shirt is almost $5.

Here is a white blouse made in Japan and I think these goods are comparable in quality. It sells for $1.03.

This one, I assume, is made in this country and it sells for $2.98.

I merely bring those in to try and emphasize the fact that it is very difficult to compete.

Senator PASTORE. You know when I visited Cranston Print Works back in Cranston several months ago——

Mr. OWENS. I do very well.

Senator PASTORE (continuing). You took me up to the third floor where you do some of your printing. I noticed you had two methods. You had a machine from Switzerland——

Mr. OWENS. Screen printing machine.

Senator PASTORE (continuing). And then they were doing it by hand as well. The question arose here yesterday whether or not good machines are being built abroad. It is in conjunction with that presentation yesterday that I asked you the question now. This machine that you have imported from Switzerland—and I notice you have an operator who was teaching and training your employees, from Switzerland——

Mr. OWENS. That is correct.

Senator PASTORE. If I remember correctly, that is correct, isn't it?

Mr. OWENS. Yes.

Senator PASTORE. That machine you have imported from Switzerland, is there a comparable machine made in the United States?

Mr. OWENS. No, there isn't, that is why we had to go abroad to buy it.

Senator PASTORE. For the purposes of the record, explain the two techniques, the one you were doing by hand and the other one you were doing by machine. What does it mean, the efficiency of the plant, the development of technique——

Mr. OWENS. In the screen printing method your production is very limited because it is a very slow method of operation. You might get 18 to 20 yards a minute if you are looking to get that. In roller printing, where you imprint the design on the cloth by means of engraving, you can get up to 140 yards a minute, a tremendous difference in production. Because your screen printing method is slower, it is more closely on a production basis so you cannot get the volume.

The reason we have screen printing, it is another means or another service we can offer to our customers in this country. It is a subsidiary to our roller printing, which is our main source of revenue.

Very briefly, that will describe it.

Senator PASTORE. The reason I ask the question, constantly we are being told that America needs to do research more in marketing and has to research more in development of technology in order to overcome the differential in price. I mean, that is usually the argument that is made.

Here we are confronted in your particular instance, where you really have to go abroad in order to improve your own technology by buying a foreign made machine, which is made in Switzerland. Now the question I ask you specifically is this: You see the solution of this problem of overcoming the differential in labor costs or unit costs by the improvement of American technology on comparable merchandise. I realize here and there in sailcloth, you can get yourselves into something that you might have something that may be a foreign government does not have, and you will have a better quality, which might have an attractiveness abroad. But I am speaking now generally about these other things that you have submitted here; for instance, you have shown us three shirts from Japan, one from Hong Kong, ladies blouses.

Mr. OWENS. That is right.

Senator PASTORE. You have shown us one you bought here in America of comparable quality that costs almost twice as much. Do you expect by improvement of technology to overcome that differential in unit cost?

Mr. OWENS. We have three plants. Let me answer this way: one plant down South and two in the North. We thought at one time that a southern plant, our own, could not compete favorably with our northern plant because in the area of the South, North Carolina, where we went, there were no textile printing plants. In the South, our people down there produce and print just as good quality as our people do in the North.

I think that people in the Orient, people in the islands, where they have print works, can do in time, just as good as we can, and operate just as efficiently as we can. So I don't think we can answer it by saying that we can become more efficient. You have to tie in your wages that we pay. The President now wants to go to $1.15 an hour minimum. Well, in our industry, I don't think there is anyone that is paying that I know of, as low as that, but these garments themselves, sell at our minimum wage, for an hour's work.

I think it has got to definitely go into the quota system and I think they should roll back the quota to 1956, and to clear up, if you want to declare a year's moratorium and see how we come out in the textile industry in a year. Many textile plants have gone out of business. I think that maybe now production, if it has a chance, will get in line with demand, and it may work itself out, so that we can have imports, but that our own work will not be thrown out of balance by these imports that are coming in.

I had one other thought I wanted to give to you, and that was, in shopping around, I saw a lot of garments in the stores sold at a very inexpensive price and, as far as I know, they were made in the United States. How on earth they could do it, the prices they were charging, I don't know, but it created an interest in me to look into the Textile Fiber Products Identification Act. And as a matter of fact, I went to our counsel to ask him some opinions on it. I think this is a source that the committee might look into, strengthening this particular act.

As it is, as I understand it, a person can purchase, we will say, printed goods in the Orient, and bring them into this country, and as long as he identifies the fiber content, he need make no mention that the cotton itself was made abroad. That raises another question, is it possible to purchase goods, we will say, in the Orient, bring them to low-priced areas outside of the United States—we'll say Mexico, Mr. Castro's Cuba, for example, or some other country—and there is it possible to make these piece goods, these printed piece goods, into a garment, but not quite a complete garment, and then can you bring them into the United States and finish the job of the garment, and yet not have to put on the garment, the fact that the garment was made in Mexico?

As I understand it from our counsel, the determining factor as to whether you put this on the label or not, is decided by where the principal work is done on the garment. And I am sure that this could be a matter of argument. Why can't we extend the Labeling Act to require that the place of manufacture also be placed on a garment so that if we want to buy American goods—although you spoke about the difficult problem we could get into in this country by having a "Buy American" wave—that if we wanted to buy American garments, all the way from the cotton field to the finished shirt, for example, we could do it and be assured we were. That might be another source that might help.

Senator PASTORE. Any questions, Senator Thurmond?

Senator THURMOND. I think you brought out some very good points.

Senator PASTORE. Thank you very much, gentlemen.

Mr. MIERNYK. Could I ask one question before you leave?

Are these products a textile mill product?

Mr. CURTIS. Yes, that is run by the Interlocken Co. and they are primarily textile products, yes.

Mr. MIERNYK. Isn't there quite an optimistic outlook for this sort of thing?

Mr. CURTIS. Very much so; yes, sir.

Senator PASTORE. Thank you, gentlemen.

Mr. CURTIS. Thank you very much.

(The complete statement of Mr. Owens follows:)

STATEMENT BY DWIGHT H. OWEN, DIRECTOR OF INDUSTRIAL RELATIONS OF THE CRANSTON PRINT WORKS CO.

My name is Dwight H. Owen and I am director of industrial relations for the Cranston Print Works Co., of Cranston, R.I. I am appearing here today representing my company as well as being a member of the executive committee of the Rhode Island Textile Association. Mr. Curtis, the president of the association, has already explained to you what the association represents in Rhode Island. We, as a company, are a commission bleacher, printer, and finisher of cloth fabrics having plants in Cranston, R.I., Webster, Mass., and Fletcher, N.C. We employ some 2,400 people with a yearly payroll well in excess of $10 million and process over 180 million yards of cloth fabrics each year.

Inasmuch as we are not a vertical textile operation as in the sense of Burlington, Cone Mills, and Lowenstein, who make their own gray goods and have their own print works, we and other independent printers must rely for our livelihood on what we process for the converter. I might say in passing that since World War II some 14 independent nonvertical printers and finishers have gone out of business for one reason or the other with the resultant loss of jobs to many. The majority were formerly located in the New England States, principally Rhode Island. The converter purchases gray goods, selects a pattern to be printed or dyed on the cloth, a service which we and other printers perform, and then sells the printed and finished cloth to the garment maker. The garment maker, in turn, makes up the cloth into garments for eventual sale at the retail level.

The converter is affected by imports because he cannot buy gray goods in this country, have them printed and finished, and then sell them to a garment cutter and compete with the price that the garment cutter might be able to pay for similar imported goods. The chain reaction goes on, of course, because the garment cutter here in the United States cannot make garments and compete with the price of garments made abroad and imported into this country primarily because of his high labor costs. Lack of orders from the converting and garment manufacturing trade definitely affect our industry as well as the vertical textile companies because neither can they buy cotton, weave, print, and finish cloth, and compete with foreign goods.

I fully realize that this committee has undoubtedly been inundated with figures pertaining to production and imports. Regardless, I do feel that even though there may be some repetition that data referring to 1960 would be of value. This data will dramatically point out to you the continued increase in imports in textiles. According to the American Cotton Manufacturers Institute, textile imports for 1960 will reach $954 million. This is a 14 percent increase over 1959 and 50 percent over 1958. The Northern Textile Association recently estimated that the equivalent square yardage of imports of cotton manufactured items, that is shirts, dresses, pajamas, etc., coming into this country in 1958 amounted to 460 million yards. Contrast this with 1,182 million yards in 1960. The association also made an estimate on a similar basis for wool, manmade fabrics, and silk. Their overall computation indicates that in 1958 over 642 million yards were involved which steadily increased to 1,536 million square yards in 1960 (table 1).

Closer to home, at least to us in the printing and finishing industry, are some recent figures pertaining to cotton broadwoven goods. We in the industry, as a matter of information, work primarily with cottons. In 1956, 8,077 million yards of cotton broadwoven goods alone were processed in our industry. Compare this to 7,635 million yards in 1960 (table 2), a substantial decrease in yards which creates unemployment or short time in the industry.

In regard to cotton shirts, the Bureau of Census Report FT-110 (table 3) reveals that in 1954, 181,674 dozen cotton shirts with a value of $915,836 were imported. Contrast this with 2,214,629 dozen in the year 1959. This, gentlemen, represents over 26 million individual shirts with a value of $14,111,575. From January to June 1960, some 1,260,252 dozen poplin and broadcloth blouse and skirt combinations and over 135,000 dozen dresses made out of cotton were brought into this country (table 4).

The above figures certainly substantiate the studies which this committee made and indicate to my mind the conclusion that the interagency report failed to recognize the problem which does exist in our industry as a whole and which your committee so ably pointed up. Assuredly, this tremendous increase in imports decrease production at home and is bound to have a telling effect upon not only our industry but upon our economy as a whole. It would be repetitious on my part to say that the workers who produce the cloth or garments which are imported are paid substantially less than our people. Estimates are that the Japanese, for example, earn around 17 cents an hour as compared to $1.74 an hour which is the average paid in Rhode Island at this time in textiles. How can a manufacturer in this country compete despite the efficiency and modernization of his plant when such a low labor cost exists abroad with, in all probability, just as efficient an operation.

Undoubtedly, you have read the report to the President by the Cotton Advisory Committee, which recently came out. This Committee stated: "Imports present a threat that can no longer be ignored and jeopardize the entire domestic cotton industry," in referring to the fact that textile imports were equivalent to 561,000 bales of cotton. The Committee referred to the fact that the advantage which we had in the United States for greater efficiency, higher level of productivity and quality were now equalized by the fact that "foreign mills built in many cases with funds obtained through our foreign aid program are as modern as our own. In addition, labor costs amount to only a fraction of the cost of labor in this country and foreign manufacturers have access to low-priced raw materials." This Committee, too, recognizes the problem which we face on imports.

Another report which came out in 1960 under the auspices of the Textile Advisory Committee of the Department of Commerce, following a recommendation from your committee, took the position that "in any given market, a relatively small percentage of an imported item priced well below the domestic price has a major effect in upsetting the price structure and the normal competitive relationships." This is a modest statement if we really take into consideration the tremendous yardage and number of finished garments imported into this country. This report also projected our population growth in the year 1970. In 1970, if this projection is correct there will be 41 million teenagers in this country. What type of garment is a teenager going to buy with the small amount of money they usually have at their disposal for clothing. Without a doubt they are going to buy the most attractive and inexpensive garment that they can. We cannot deny that imported garments are attractive, yet consider the price.

Let me say in closing that it is our hope that you gentlemen see fit to set up the Textile Interagency Committee on a permanent basis or at least until some of your recommendations, as originally pointed up, have been accomplished and this problem of imports and its adverse effects on our textile industry have been controlled. We recognize the need for exports and the need for reciprocal trade but we do feel that some control should be exercised in this basic industry.

Basically from 1958 and the conclusions which your committee drew, to the present time, the situation in textiles and textile imports has certainly not improved. In fact, as I pointed out to you from more current figures, it has worsened due to the fact that considerably more foreign yardage and foreign garments are pouring into this country. If this is allowed to continue unchecked it can only mean that our textile industry will continue to decrease in size and in volume substantially hurting a large number of the work force in this country, particularly in the New England area. Eventually the effect is bound to spread to the South where a substantial part of the industry now exists.

TABLE 1.—*Estimated equivalent square yardage of imports of textile manufacturers*

[In millions of square yards]

Cotton manufacturers:		Manmade-fiber manufacturers:	
1958	460	1958	37
1959	705	1959	117
1960	1,182	1960	102
Wool manufacturers (except carpets):		Silk manufacturers:	
1958	55	1958	59
1959	89	1959	81
1960	113	1960	106
Machine-woven carpets:		Overall totals:	
1958	5	1958	642
1959	7	1959	1,032
1960	9	1960	1,536

Source: Data from Northern Textile Association.

TABLE 2.—*A breakdown of yardage figures for past 5 years—cotton broadwoven goods, finished*

[Millions of linear yards]

	1956	1957	1958	1959	1960 [1]	Percent change
Bleached goods	3,491	3,464	3,188	3,344	3,209	−4.0
Plain dyed goods	2,594	2,446	2,352	2,640	2,615	−1.0
Printed goods	1,992	1,795	1,801	1,933	1,811	−6.3
Total	8,077	7,705	7,341	7,917	7,635	−3.8

[1] 1960 data estimated; other data from Bureau of the Census reports.

TABLE 3.—*U.S. imports for consumption*

	Cotton shirts (not knit or crocheted)					
	All countries		Japan		Hong Kong	
	Dozen	Value	Dozen	Value	Dozen	Value
1959	2,214,629	$14,111,575	1,045,555	$6,900,818	1,161,100	$7,070,911
1958	1,499,925	9,078,195	964,863	5,868,172	528,764	3,081,968
1957	1,387,428	8,591,673	925,154	5,776,789	450,109	2,517,685
1956	1,225,578	6,726,687	1,189,925	6,407,232	27,613	143,478
1955	549,515	2,895,272	547,514	2,824,076	558	5,507
1954	181,674	915,836	180,567	876,361	125	1,762

	Other cotton wearing apparel not knit or crocheted [1]					
	All countries	Japan	Hong Kong	All countries	Japan	Hong Kong
1959	$71,149,200	$27,867,090	$32,290,301	$7,008,457	$1,450,938	$2,504,792
1958	44,928,559	24,681,931	12,116,739	5,302,265	2,103,645	1,120,757
1957	30,394,816	21,897,338	2,101,813	3,647,942	2,309,490	195,142
1956	29,414,127	23,116,949	54,809	2,252,934	2,074,864	----------
1955	20,408,480	15,551,770	15,125	424,557	262,055	----------
1954	4,122,416	882,346	1,459	257,622	153,021	----------

[1] Does not include ornamented apparel, cotton brassieres or gloves.

NOTE.—1959 figures preliminary.
Source: Bureau of the Census Report FT-110.

TABLE 4.—*U.S. imports of unbleached, bleached, printed, dyed, and colored cotton cloth for consumption*

[Below is list of principal sources of cloth imports in 1959 together with shipments made in previous years]

UNBLEACHED COTTON CLOTH

[In thousands of square yards]

	1959	1958	1957	1956	1955	1954	1953
All countries	145,405	50,383	37,278	55,608	60,769	44,485	32,310
Japan	41,128	37,784	29,852	44,239	52,889	38,620	22,242
Hong Kong	29,898	1,262					
India	22,419	455	430	4,725	640	195	2,282
France	10,288	16	6	45	1	230	260
Spain	9,310						
Korea	8,290	4,792					
Pakistan	7,968						
Formosa	6,262						
United Kingdom	2,730	1,807	1,465	2,419	2,486	2,377	2,287
Netherlands	1,619	1,443	1,018	1,353	1,426	1,052	882
West Germany	1,472	926	778	1,362	1,381	721	1,301
Mexico	1,493	1,114	159	77	129		505
Switzerland	1,381	286	142	611	1,357	888	1,665

BLEACHED COTTON CLOTH

All countries	5,458	5,025	6,027	7,893	7,362	6,184	8,935
United Kingdom	2,417	2,326	3,048	4,053	3,967	3,030	3,934
Japan	1,093	1,032	708	1,261	1,400	1,170	2,102
Switzerland	868	693	789	1,358	1,349	1,664	2,505
Egypt	629	528	868	733	153	67	20

PRINTED, DYED, AND COLORED COTTON CLOTH

All countries	89,907	86,132	79,142	124,747	65,011	22,447	23,000
Japan	58,063	65,233	55,963	97,443	45,239	8,013	6,321
Belgium	6,756	5,181	8,860	7,274	5,421	4,190	5,227
West Germany	4,047	2,290	2,587	3,479	1,737	1,366	628
Portugal	3,834	1,004	79	13	1	5	
India	3,504	845	580	953	344	167	147
Formosa	2,592	127					
United Kingdom	2,178	2,890	3,284	5,218	2,829	2,448	2,624
Austria	1,833	1,785	1,712	2,021	1,327	549	675
Switzerland	1,833	1,761	1,829	2,865	2,794	2,533	3,388
Italy	1,492	1,136	911	1,108	1,188	1,012	571
Netherlands	1,287	1,689	1,927	2,804	1,819	959	2,012
France	853	423	460	825	1,569	865	743
Hong Kong	839	958	75				

NOTE.—1959 figures are preliminary, subject to revisions to be issued by Bureau of Census.

U.S. imports for consumption of cotton apparel not knit or crocheted

[In dozens]

	January through June 1960			July through December 1959		
	All countries	Japan	Hong Kong	All countries	Japan	Hong Kong
Shirt collars and cuffs	15,162			11,935		
Dress shirts:						
Poplin and broadcloth	104,913	37,534	66,890	116,760	50,707	65,914
Gingham	25,576	25,564	12	7,584	4,036	3,548
Yarn dyed				34	30	4
Other	59,168	23,815	21,805	10,469	9,183	772
Work shirts:						
Twill and sateen	28		28	5,904		5,904
Poplin	2,160	1,120	1,040	1,684	1,084	600
Yarn dyed				228	228	
Corduroy	432		432			
Flannel	5,522	342	5,180	1,705	1,639	69
Other	13,643	2,174	10,284	24,719	4,308	16,995
Sport shirts:						
Gingham	214,156	144,857	66,529	247,240	121,332	125,842
Yarn dyed	9,699	5,522	4,143	22,170	21,932	
Corduroy	9,570	8,570	1,000	43,556	38,569	4,840
Flannel	182,673	62,860	102,509	729,504	210,503	519,001
Other	296,319	122,976	167,380	163,145	71,864	90,084
Raincoats, ¾ length and over:						
Valued over $4 each	40,945	16,617	2,195	46,219	16,478	455
Valued not over $48 per dozen	1,278	448	830	3,234	2,234	1,000
Coats, cotton:						
Over $4 each	6,905	3,121	28	13,710	6,960	642
Not over $48 per dozen	46,090	26,940	18,972	153,863	61,053	91,454
Robes, etc.:						
Over $30 per dozen	3,195	2,420	37	3,547	2,304	28
Not over $30 per dozen	171,673	31,533	140,003	43,177	22,101	20,926
Shorts, men's and boys':						
Over $9 per dozen	842			1,398		
Not over $9 per dozen	4,077	15	3,750	707	216	240
Underwear, women's and children's:						
Over $9 per dozen	6					
Not over $9 per dozen	6,776		6,574	2,400	2,400	
Underwear, other:						
Over $9 per dozen	573			205		
Not over $9 per dozen	2,716	100	2,616	1,626	1,626	
Pajamas, over $18 per dozen	2,514	877	1,088	3,879	346	72
Nightwear, over $18 per dozen	334,675	14,130	319,133	278,184	13,442	263,889
Vests, over $24 per dozen	11			15		
Blouses, blouse-skirt sets:						
Poplin and broadcloth	1,260,252	440,550	819,230	1,019,451	479,794	534,480
Gingham	329,325	224,060	105,265	126,949	115,105	11,844
Velveteen				3,040	3,040	
Other	419,450	184,082	232,691	152,548	68,782	80,540
Blouse and slack sets, etc	796,633	187,413	583,734	211,634	51,683	159,477
Trousers and shorts, men's and boys':						
Yarn dyed	88,924	13,612	75,294	73,785	4,008	69,627
Twill	28,637	8,259	19,878	40,514	16,159	24,355
Corduroy	46,200	16,433	28,750	160,251	86,284	72,310
Other	521,667	52,259	464,952	229,954	24,789	204,408
Slacks and shorts, women's and children's:						
Yarn dyed	282,812	9,051	271,589	17,513	3,216	14,091
Twill	36,972		35,967	1,662	1,089	510
Corduroy	53,538	26,068	21,925	370,767	174,003	87,930
Velveteen	10,293	5,394	4,832	46,929	43,051	1,557
Other	1,153,756	140,726	906,683	313,222	52,679	256,583
Dresses, women's, misses'	52,038	14,771	9,872	10,649	3,355	4,428
Dresses, other	73,313	21,588	24,007	47,177	17,281	13,840
Playsuits, etc.:						
Corduroy	34,337	10,228	23,399	126,389	36,581	89,742
Velveteen				408	408	
Other	70,173	19,778	46,945	12,271	5,676	6,245

See footnotes at end of table.

U.S. imports for consumption of cotton apparel not knit or crocheted—Con.

[In dozens]

	January through June 1960			July through December 1959		
	All countries	Japan	Hong Kong	All countries	Japan	Hong Kong
Apparel:						
Unspecified	1,991,486	1,115,676	714,049	2,568,475	1,513,012	878,497
Similitude to cotton	8,530	5,840	513	59,957	59,378	323
Ornamented:						
Blouses, blouse-skirt and skirt sets	219,984	189,573	13,071	29,178	20,797	2,584
Blouse-slack sets, etc	18,428	11,752	6,160	354		80
Sport shirts	12,753	7,735	3,716	2,620	1,974	
Dress and work shirts	458	420	12			
Robes, etc	6			20		
Underwear, unspecified	22,051			29,727		
Dresses:						
Women's, misses'	4,296		94	2,442		115
Other	48,738	3,616	359	81,866	335	380
Playsuits, etc.:						
Corduroy	412			1,234	600	
Other	417,968	5,412	17	61,776		
Ornamented apparel n.e.s	93,628	7,520	2,109	428,805	10,327	1,648
Cotton brassieres	1,231,310	211,258	568,077	1,339,081	205,320	595,869
Other body supporting garments	23,325	19,923		57,131	53,020	

NOTE: The above breakdown of U.S. imports of cotton apparel, not knit or crocheted, began with the July 1959 import figures. July 1960 figures for above classifications were sent to you on Sept. 15, 1960.

Source: Bureau of the Census.

[From the Evening Bulletin, Dec. 5, 1960]

SAYLES PLANT TO CLOSE; 600 JOBS DOOMED

New England's largest textile finishing company, Sayles Finishing Plants, Inc. of Saylesville, announced today that it will discontinue operations by January 27 with the loss of 600 Rhode Island textile jobs.

Elliot Broadbent, president, said the decision stems from an inability to procure sufficient work to keep the plant busy.

"This plant, in the past, handled 4 to 5 million yards of cloth a week," he said, noting that the volume has decreased in recent years to 1,800,000 yards and currently to approximately a million yards.

He added that the decision does not include plans to move the operation to another location. He said the company will be interested in selling it as a going concern, if that is possible.

During the current season—beginning last June—the plant has been working on a reduced workweek, averaging about 4 days for the period.

In a letter being mailed to its customers, the company has set December 23 as the deadline for its acceptance of finishing orders.

Mr. Broadbent also announced that Special Fabrics, Inc., a subsidiary which employs 50 to 60 people, will continue its manufacturing and converting operation at Saylesville. This company supplies book cloth, tag cloth, reproduction cloth, and other industrial fabrics to various trades.

Town Assessor William E. Alford referred to the decision to close the plant as "a staggerer." He said that the closing will cause a serious cut in Lincoln's tax revenue in the event the buildings are not occupied by other industry within a reasonable time.

He listed the following valuations at the Saylesville plant "within the fence" as follows:

Land, $61,320; buildings, $1,863,150; for a tax bill of $56,771.87. The valuation of tangible property including machinery and other equipment was placed at $805,600 for a tax of $23,765.20.

The Lincoln town tax on which the present levy is figured is $29.50 per $1,000 of valuation.

In its heyday during World War II the plant in Saylesville employed 1,400 persons. Other divisions of the company in other communities employed 1,600 more. The latter have since been disposed of.

The Sayles Finishing Plants, Inc. was established in 1847 with 12 employees and a monthly payroll of about $200.

Their growth in the century that followed was a reflection of Rhode Island's prominence in the textile field.

When the concern opened its doors its daily capacity was 1 ton of finished cloth, or 14,000 yards. During World War II, no less than 560 million yards of finished cloth were turned out for the armed services alone.

The village of Saylesville sprang up around the original plant. It grew to be the largest of its kind in a short time.

Development of the Sayles properties could be traced to Samuel Slater and the first cotton mill, opened in Pawtucket in 1790. As the textile industry prospered in the Blackstone Valley, so did the Sayles bleacheries.

Four generations of Pawtucket, Central Falls, and Lincoln residents worked in the plants or could mention relatives who did. In many cases, father and son followed grandfather into working there.

In those early days all the coal needed to operate and heat the plants, the boards for packing cases, cloth and countless other supplies were carried in sailing vessels to Pawtucket wharves from which they were carted by horse-drawn wagons to Saylesville.

At one time the Sayles Plants owned about 100 homes in Saylesville. During recent years these properties have been liquidated.

The original buildings were known as the Pimbley Print Works, located on the banks of the historic Moshassuck River. They were bought at auction by William F. Sayles in 1847.

He purchased a mill privilege and converted the old property into a bleachery. Mr. Sayles was 23 at the time. His father, Clark Sayles, was a merchant in Pawtucket.

Mr. Sayles called the buildings acquired the Moshassuck Bleachery. The founder, on his paternal side, was a lineal descendent of Roger Williams. His mother, on the Olney side, traced her ancestry directly to the founder of Rhode Island.

A fire in 1854 leveled the buildings but Mr. Sayles rebuilt into a new and larger bleachery within 90 days after disaster struck. In the early years operations were limited to the bleaching of fine sheeting and shirtings. Later fancy dress goods were bleached.

In 1860 the payroll had increased to $1,200 a month with about 40 hands employed. The concern suspended operations during the Civil War. On reopening after the conflict, the business expanded rapidly. Buildings were added for dyeing and finishing both cotton and worsteds.

This new plant was named the Glenlyon Dye Works. In 1890 there were 790 persons on the payroll which had reached $26,000 a month.

Frank A. Sayles, a son, inherited the business on the death of his father and acquired, besides the Saylesville plants, a partially completed one at Phillipsdale, East Providence.

The Sayles family became known for its benefactions in Saylesville, Pawtucket, and Providence. William F. Sayles and his brother, Frederick S., who for a time were partners in the business, built in memory of their deceased children a stone chapel known as Sayles Memorial Chapel.

In 1877 William F. Sayles erected a stone tower on the chapel in memory of his son, William Clark, who died while a student at Brown University.

At that time the two brothers built the Moshassuck Valley Railroad which connects with the New Haven Railroad in the Woodlawn section of Pawtucket.

The best known memorial which stemmed from giving of the Sayles family can be traced to a provision in the will of William F. Sayles who died in 1894. The will set aside a sum which led to the creation of the Sayles Memorial Hospital in Pawtucket.

Frederick Sayles was inaugurated the first mayor of Pawtucket in 1886. His wife was Deborah Cook and after her death on November 25, 1895, he perpetuated her name through erection of the Deborah Cook Sayles Public Library in Pawtucket.

Construction of the Moshassuck Valley Railroad was considered one of the feats of its period although it is one of the shortest in the world, slightly more than 2 miles of track. It connected the bleachery to the New Haven Railroad at the now abandoned station in Woodlawn.

Difficulty in recruiting an adequate work force because of the housing shortage in the plant's vicinity led to the construction of entire communities for workers. They were known as "company" houses by the workers.

Unlike other mill villages, however, the homes built by the Saylesville plant were varied in pattern. At one time the firm owned about 100 homes, mostly of two-family construction.

The company did not operate any food or service stores for employees.

The Sayles family built for itself a home in Pawtucket which became a landmark. Called "Saleholme," it was situated on East Avenue near the West Senior High School. It was modeled after an old English estate.

[From the Providence Journal, Providence, R.I., Dec. 6, 1960]

"IT WAS A GOOD PLACE TO WORK"—SAYLES MILL EMPLOYEES HARD HIT BY CLOSING

(By George Popkin)

When the death knell was sounded for New England's largest textile finishing plant yesterday, its employees stood around and discussed the end of a great industrial life in hushed whispers, as if disbelieving.

They had expected such sad news at the Sayles Finishing Plants Inc. of Saylesville for some time. But until the end they would not admit to themselves that this textile mill, more than 100 years old, was mortal.

This is so because a majority of the workers have been employed there for decades. The number who could say their fathers and grandfathers before them bleached, dyed and finished products in its rambling brick buildings is large.

But now the end had come. Elliot Broadbent, the president, announced it. He said that by January 27 the Sayles Finishing Plants will discontinue operations because of inability to procure sufficient work to keep the plant busy.

He said that the decision to close does not include plans to move the operation to another location; that the company will be interested in selling it as a going concern, if that is possible.

Town Assessor William E. Alford of Lincoln referred to the decision to close the plant as "a staggerer." He said that the closing will cause a serious cut in Lincoln's tax revenue in the event the buildings are not occupied by other industry within a reasonable time. The company paid a tax of $56,771.87 on land and buildings and $23,765.20 on machinery and equipment.

Central Falls could suffer a similar tax loss. The company's plant and equipment there is assessed at $509,536, for a tax yield of $16,814.69. The buildings straddle the town line.

It's not every day both father and son are thrown out of a job. That sort of thing was happening yesterday in Saylesville, and the Carettis were a case in point.

The attitudes of the two generations, one near retirement, the other with family still growing and bills collecting, was reflected in these two men.

John Caretti, 70, of 76 De Pendo St., Providence, has tended a continuous dyeing machine at the mill since April 15, 1915. "I'll go play cards now," he said with an attempt at cheerfulness.

His son, Carlo S., who occupies a tenement in his father's house, would not attempt to mask his feelings. He is a dyer and he wasn't overly optimistic about his chances of obtaining a job in his line at once.

"I've been here 22 years," he said. "I never worked anywhere else. I may have to go into another field."

Carlo reflected upon his situation and added softly, "I'll have to break it to the wife." He remarked with a hollow laugh, "I just bought a new car."

"Fortunately I'm living with my father, I have no mortgage," the younger Mr. Caretti continued. "I'll have to start all over again," he repeated. "You read about this sort of thing, but you can't believe it'll happen to you. Everybody seems to be going out of business."

Alfred Maddock of 28 Binford St., Lincoln, a maintenance welder, said he was worried. He has three children for whom he recently bought bicycles.

Mr. Maddock remarked, "It was a pretty rough belt. I don't want to start off now at $1.50 an hour. It's all right to make a change, but I want to make a living for my family."

"I'm paying for my house," the Navy veteran said. "It came at a bad time of year. I was trying to make my kids happy. I have two boys and a girl. As a last resort I'll go outside of the State, although I don't want to.

Mr. Maddock has been with Sayles for 14 years. He learned welding while with the Seabees in the South Pacific during World War II. His father, Albert, now retired, worked in the textile mill before him.

GHOSTS AT EVERY TURN

John A. MacFarlane, personnel manager and safety director of the plant, saw ghosts at every turn as he toured its old buildings after the announcement. His father and grandfather had worked there.

Mr. MacFarlane started out in the accounting department at the age of 17 and has been with the firm for 45 years. "It's a sad blow," he kept repeating, as he walked about, greeting people in the various departments.

"My inner conscience told me it was going to happen," he said. "You don't like to listen to it."

His grandfather, John, came to Saylesville from Scotland and went to work in the mill as a machine operator. "It's a little discouraging, to say the least, to have it knocked out from under you when you're on the fringe of retirement," Mr. MacFarlane said. "I don't condemn the management, they fought long and hard to keep this place in existence."

JOBS SCARCE AT 62

"It's hard to get a job now at my age," Mr. MacFarlane said. He was bitter about foreign textiles imported into this country.

"We have so much capacity to produce," he declared. "Imports keep pouring in. Where does that leave you? The Government should have done something to help the textile industry."

The safety director looked sadly at a sign which read: "This department has worked 355 days without an accident."

Near kiers in which cloth is boiled stood Herman Belgers, 72, of 42 Woodland St., Lincoln, an old soldier with the Kaiser's army. He was philosophical about the whole thing.

OLD AGE PENSION HELPS

Anyone who served 4 years during World War I with the German Army on the front lines and survived might perhaps with justification look upon the rest of his life as anticlimactic.

"I've been here 30 years," he said. "I'm not feeling so bad. The old age pension will help. I never really expected it in a place like that. I was standing here mixing caustics and the union men came back from a meeting this morning and told me."

Mr. Belgers shrugged his shoulders at the futility of it all. "It was a good place to work," he said.

George E. Farragut of 22 Blaisdell Ave., Pawtucket, head of the mercerizing department, with 42 years' service, said: "I saw it coming. I kept my fingers crossed, but I saw it coming."

He has a son at the University of Rhode Island and another taking post-graduate courses at Northeastern University. "I don't think it'll affect them," he said.

18-YEAR NEWCOMER

Miss Catherine Foley of 21 Cliff St., Central Falls, is a comparative newcomer at Sayles. She has been there 18 years.

The invoice clerk said, "Everyone feels bad. It was a good place to work. I don't have any plans. Do you know of anyone who wants a good invoice clerk?"

"I have only myself to take care of," Miss Foley added. "It'll be all right. But it was a good place to work."

The atmosphere was funereal in the vicinity of the sprawling Saylesville plant. In a drugstore nearby a woman called Grace lamented its passing. She said she had worked there 48 years, but wouldn't identify herself.

She spoke of the event quietly and with hesitation, as though making herself known and heard would revoke all chance of a reprieve.

A retired millworker, 71 years old, entered her mood. He sat on a stool and stared out at the buildings perversely glistening in the afternoon sun. "It was a good place to work," he said, a phrase heard more than once.

A switchboard operator remarked, "It's nice that the sun is shining. It would have been more awful to take on a bad day."

She said the "girls did some crazy things today at lunch" to take the curse off. She had been at the plant 43 years.

Senator PASTORE. Now, is Mrs. Andrews here?

Mrs. ANDREWS. Yes.

Senator PASTORE. I understand you only want 5 minutes to introduce a statement, or do you want more than that?

Mrs. ANDREWS. I am at your service. If you wish to ask questions——

Senator PASTORE. No, I am at your service, Mrs. Andrews. If you merely want—if you want to present the statement for the record, I will be glad to take it now and then I thought we would call a recess until 1 o'clock and get going again.

I want these witnesses to know we will study and read carefully every statement that is made here, whether it is read word for word or whether submitted for the record.

Mrs. Mildred Gwin Andrews, executive secretary, American Textile Machinery Association.

All right, Mrs. Andrews.

STATEMENT OF MRS. MILDRED GWIN ANDREWS, EXECUTIVE SECRETARY, AMERICAN TEXTILE MACHINERY ASSOCIATION

Mrs. ANDREWS. Thank you very much, Senator Pastore, Dr. Miernyk, and Senator Thurmond.

Mr. W. K. Child, who is president of this association, was unable to be here today and so I am presenting on his behalf the statement concerning the condition of textile equipment in place in the textile industry, and there are several tables in this statement. One particular table on page 5 gives information that has never been presented before.

Senator PASTORE. Very good.

Mrs. ANDREWS. Because we refer to a statement that we made to the Tariff Commission I should like to introduce for the record that statement also.

Senator PASTORE. We will accept it in the record.

Mrs. ANDREWS. And here is a list of the officers and members of our association.

Senator PASTORE. Thank you very, very much.

Mrs. ANDREWS. We have appeared before this committee both in Washington in 1958, and in Providence, and the information that we give today just brings it up to date.

Senator PASTORE. I see. All right, Mrs. Andrews, we will read it and study it very, very carefully, and we want to thank you and Mr. Child for your cooperation with this committee.

Mrs. ANDREWS. If there are any questions after you look it over, I will be glad to answer them.

Senator PASTORE. Can you give us in a thumbnail narration exactly what the conclusions are?

Mrs. ANDREWS. Yes, I can.

(The above-mentioned material follows:)

STATEMENT SUBMITTED BY THE AMERICAN TEXTILE MACHINERY ASSOCIATION

The American Textile Machinery Association, representing more than 95 percent of the U.S. industry manufacturing capital equipment for textile mills, filed statements with this committee in July and September 1958, in which was set forth the belief that unrealistic depreciation policies seriously retard textile mill modernization, and, therefore, contribute to the ills of the textile industry. Our position in this matter still obtains.

Other factors concerning problems of the textile industry havve been presented by representatives of that industry. We concur in their conclusions regarding imports, tariff structure, and cotton policies.

The record of the 1958 hearings quotes a document prepared by the Tax Committee of the American Cotton Manufacturers Institute, "The spread of obsolescence of capital equipment in American textile mills is much greater than is commonly supposed by those who have not carefully analyzed the situation."

An industrywide survey of equipment in place, just completed by ATMA, should lend strength to the textile industry's pleas to the Congress and to the Treasury Department for depreciation relief. Despite vigorous efforts of the textile industry and our industry to obtain more realistic depreciation treatment no revision in the structure has been obtained since the 1958 hearings. Data on equipment status is presented to the committee to help the industry obtain necessary remedial tax treatment so that with a greater cash flow it may surge forward in its modernization programing which during recent years has been of necessity held up.

When one estimates the enormous savings in operation costs that are brought about through newest, most modern equipment, and which even today may mean the difference between a small profit and a substantial profit, or between no profit and a moderate profit, it is not difficult to envision the potentials of industrial success should the textile mills be allowed the opportunity to expand their machine modernization programs to the fullest extent.

The production lines and the employment status of the American textile machine builders directly reflect the profit margin and resulting purchasing power of American textile mills. Annual purchases of new capital equipment are shockingly low compared to 10 years ago. The year 1958 was the most critical in the textile machinery industry since the years of the great depression. The revised dollar statistics of the textile machinery shipments for that year do not realistically reflect the movement of equipment from machine shop to textile plant. Production of all lines of textile equipment on a unit basis in 1958 were seriously down compared to 1950.

In 1958, member firms of ATMA produced only one-fourth as much cotton and synthetic fiber preparatory and spinning equipment as in 1950; little more than half as much wool and worsted preparatory and spinning equipment; one-fourth as much preparatory-for-weaving equipment; one-fifth as many looms; and one-third as much bleaching, dyeing, and finishing equipment.

In 1959, textile mills stepped up their modernization purchases and there was an upturn in unit volume in textile machinery production lines. Statistics as to the weekly average of tons of iron poured by the industry in 1950 was 2,650 tons; in 1959 the weekly average was 1,829 tons, about a 20 percent increase over 1958. There was additional improvement in 1960, average weekly pourings being 1,989.6 tons. However, facilities for production of textile machinery, on the scale of 1950 have operated over the past 3 years at an average of only 60 percent capacity, with employment down 40 percent.

In normal market periods fully 80 percent of the production of American textile machinery industry is directed to U.S. textile mills. When new machine replacements or additions fall below normal our industry and its employees feel the slowdown in direct ratio to the reduced purchasing power of our customer industry. Textile machinery is custom built, and there is no such thing as producing for stockpile or inventory. The immediate result is loss of jobs in textile machine shops.

Published figures on annual expenditures by U.S. textile mills for plants and equipment, given in dollar volume, are misleading because they do not take into account the inflationary factor: increased costs of new, modern, U.S.-built textile machinery such as is on the market today. These increased costs, reflected in higher prices, include higher wage rates, higher costs of raw materials, and other operation expenses, plus the advanced technologies that are incorporated in the complete machine and contribute to the efficiency of the machine, but increase the market price of the equipment.

Also, such dollar volume figures do not reflect the condition of the textile machinery industry in recent years nor the machine replacement program of the textile mills.

We quote below in dollar value of new machines and parts, built by American textile machine builders, shipped to American textile mills.

1950	$356, 000, 000	1956	$321, 000, 000
1951	391, 300, 000	1957	261, 900, 000
1952	289, 400, 000	1958	257, 000, 000
1953	269, 300, 000	1959	328, 000, 000
1954	232, 200, 000	1960 (estimated)	380, 000, 000
1955	299, 100, 000		

Source: U.S. Department of Commerce, BDSA Division.

The figure for 1960 which in dollar volume appears as the largest in the last decade, actually represents approximately one-half the 1951 unit production and installation of new equipment in U.S. textile mills.

Our home market upon which our industry is largely dependent has become more limited in unit potential, year by year, as the textile industry of the United States has shrunk by machine measurement.

Machines in place in U.S. textile mills, by department

Machines [1]	Year 1930	Year 1960	Percent of shrinkage
Cotton:			
Cards	84, 363	68, 391	18. 95
Spindles	22, 956, 626	17, 629, 863	23. 2
Looms	428, 436	403, 239	5. 88
Woolen and worsted:			
Cards	6, 795	4, 180	38. 48
Spindles	3, 280, 387	1, 519, 508	53. 68
Combs	2, 482	1, 044	57. 94
Looms	48, 308	17, 531	63. 71

[1] Source: Davison's Textile Blue Book, corrected 1960 edition.

Spindles in place and in operation are the production measure of the textile industry. According to the annual review published by the Association of Cotton Textile Merchants, new installations, additions, and replacement of cotton system spindles which amounted to 858,000 in 1949; 771,065 in 1951; and an annual average of 405,000 between 1949 and 1958, declined to an unprecedented low in 1958 of approximately 100,000. In 1959 installation of new spinning amounted to only 1 percent of spindles in place, and in 1960, 1 percent of existing spindleage.

A recent market survey made for ATMA has just been completed and covers preparatory and spinning machines and looms in place in U.S. textile industry; and dates of installation of those machines. Results of this survey are used herein for the first time. The survey accentuates the statement filed with your committee in 1958, that the U.S. textile industry, harassed by many major problems that have contributed to a low profit margin compared to other industries, consequently is not maintaining itself in a machine replacement program adequate for its size and importance, nor sufficient to hold its own pricewise in a highly competitive global market.

THE MACHINE REPLACEMENT PATTERN OF THE AMERICAN TEXTILE INDUSTRY

Machines in place, 1960, and approximate period of installation

[Percent]

Machines	1960–1950	1950–1940	1940–1920	Older than 1920	Total in place
Pickers	14.01	17.34	32.84	35.81	100
Cards	10	9	8	73	100
Drawing	15.39	30.25	43.36	11	100
Combers	23.84	55.15	11.45	9.56	100
Roving	27.03	35.35	27.86	9.76	100
Spinning	19.3	21.66	37.46	21.58	100
Looms	25	30	18	27	100

Source: ATMA.

Upon study of the above pattern, and evaluation of productive efficiency and cost-saving devices of the various machine categories the following picture emerges:

Pickers have been improved since 1953 to make this process more efficient, with an increase in man-hour productivity of 16 percent over previously installed machines. At the same time high-quality production, uniform and clean cotton, manmade fibers, mixes and blends are obtained. Not over 7 percent of textile mill installations include the newest developments and only 14 percent of total installation has been in place since 1950.

Cards.—The card is the workhorse of the textile mill, and as a machine has changed very little basically over many years. Improvements and refinements in carding equipment and improved attachable auxiliary equipment such as vacuum strippers and cleaners have increased quality of product and reduced manpower costs by at least 10 percent. Only 10 percent of this equipment is less than 10 years in place. However, approximately 50 percent of all cards have been assisted in modernization by addition of automatic stripping. A new-type card now in the development stage is expected to increase productivity 5 to 1.

Introduction of any one machine that will do the work of five, means in addition to reduced operation costs a saving in investment and a saving in valuable floorspace. This type saving may be found in many areas of modern textile equipment.

Drawing.—Drawing frames have been introduced to the trade within the past 3 years which make it possible to produce yarn of superior strength, appearance, and quality than that made from similar-type fiber but on less modern equipment. Productive efficiency is 300 percent greater than on previous models, with an attainable efficiency of 90 to 95 percent—an increase of 10 to 15 percent over other machines—and a reduction in man-hours per shift of 75 percent. Only 15.39 percent of drawing equipment in place today is capable of reducing mill costs by that amount.

Combers.—This type equipment is found in use only in fine yarn-producing plants. The most modern combers have a productive efficiency of 138 percent greater than previous models, and reduce payroll costs by 90 percent. Only 23.84 percent of the industry's comber installation is of the type described above.

Roving.—In the newest, most recently developed roving equipment man-hours are reduced by 75 percent each 40-hour shift, and payroll costs by 66⅔ percent. Only 27.03 percent of the machines in place in this category reflect this savings to the mill: 35.35 percent roving spindleage in place was installed during the transition period 1940–50, when long-draft roving was first introduced, a long step forward to machine efficiency.

Spinning—for cotton and manmade fibers.—Since 1952 new philosophy in developments of spinning have been introduced. These include larger rings, longer traverses, greater bobbin capacity, individual spindle drive, more compact frames and other improvements that allow efficiencies of 95 to 96 percent, reduction in man-hours by 60 percent and similar reduction in payroll costs. Only 19.3 percent of spindles in place benefit a mill to this extent.

There has been some investment in "changeovers" or improvements of existing spinning equipment. This investment is estimated to have covered about 25 percent of machines in place earlier than 1950.

The changeover modernizes to some extent the old equipment increasing its efficiency by approximately 10 percent, at a cost to the mill of approximately one-half that of new equipment. Rebuilt spinning is still less efficient than most modern new equipment.

Recent developments in looms include the new Draper X–3 single shuttle; Crompton & Knowles pick and pick automatic bobbin multishuttle loom; the Warner & Swasey weaving machines; the Fletcher high-speed automatic narrow fabric loom; and the Draper shuttleless loom. Reduction in payrolls in the weave room with most modern looms in operation varies to some extent depending upon the fabric; however, in every case of the most modern type looms efficiencies are up, loom speeds are increased, loom productivity is increased, fixer productivity is increased, weaver productivity is increased and a considerable reduction is had in both fixer and weaver payrolls. A range of 90 to 95 percent loom efficiency is considered average.

For a specific example, one of the outstanding gains on one type of fabric produced by X–2 loom is: increase in weaver productivity 300 percent; increase in fixer productivity 130 percent; reduction in weaving and fixing payroll 66 percent. The new X–3 will again bring about extended gains in productivity compared to the X–2, which was the most modern single shuttle loom when we appeared before this committee in 1958.

Loom winders.—One of the more dramatic machine developments of the past decade is the automatic loom winder, a device which may be a part of a new, modern loom, or which may be installed on an older model loom. This device eliminates 10 steps in handling yarn preparatory to weaving, including two machine processes, thereby freeing valuable floor space for additonal productive machine processes, thereby freeing valuable floor space for additional productive be up to 45 percent depending upon fabric construction. It is estimated that only 15 to 20 percent of looms in place have undergone this type of modernization.

The American textile machinery industry, classed as "strategic" in time of war, is hard pressed because of the declining domestic textile situation, shrinkage of our traditional export business, and the rapid increase in competitive imports.

A traditional export market of about 20 percent of our production has long been an important phase of this industry's business. However, in 1959, compared to 1949, U.S. textile machinery exports have declined in dollar value nearly 50 percent, and unit volume of export in 1959 is approximately 25 percent that of 1949. Shrinkage of the traditional portion of export business in textile equipment is traceable to the competition from capital equipment produced in low-wage areas; and import restrictions against U.S. equipment.

The U.S. textile machinery industry, operating on the high level of American standards of wages and other increased operation costs is now faced with the serious problem of imports of competitive capital equipment from every low-wage textile machinery producing country. Wages that are substandard to those of the United States permit comparable machines to undersell our equipment not only in the United States but in every textile area of the world.

American built equipment, the result of years of research and development and heavy expenditures, has been copied by foreign manufacturers, produced on substandard wages, and has penetrated our domestic market at a rapid rate, especially since 1958. Imports of textile equipment in 1959 were 89 percent above 1958 and estimates for 1960 are 300 percent above 1958. Imports for 1960 are estimated at 15 percent of all U.S. machinery in dollar value, and 30 percent of total unit production.

Also, the loss of a machine installation order to foreign equipment represents a permanent and an accruing loss to the U.S. machine builder to whom the manufacture and sale of repair parts and maintenance equipment is a large part of a machine builder's business.

In no instance do we find that foreign built equipment of a type comparable to that built in the United States is purchased because it is more efficient than U.S.-built machinery, but because the price is lower. This development was presented in detail to the Tariff Commission and to the Committee on Reciprocity Information in July and September 1960.

Textile machinery manufacturers of West Germany, England, Switzerland. Japan, have completely retooled within the past 10 years, and are operating at full capacity today and are booked up for the next 2 years or more. One of the major contributing factors to this success is the result of superior depreciation treatment in countries of origin where historically capital equipment

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can be depreciated at a rate of 1 to 10 years compared to a period at least twice as long in the United States.

Instead of being forced to lay off workers, as we have, West Germany and Switzerland are importing labor for their metalworking industries.

Textile machinery

Year	U.S. exports [1]	U.S. imports [1]	Year	U.S. exports [1]	U.S. imports [1]
1949	$131,200,000	$4,900,000	1955	$84,900,000	$12,500,000
1950	99,600,000	4,200,000	1956	86,000,000	16,500,000
1951	107,700,000	6,900,000	1957	89,000,000	16,600,000
1952	78,600,000	6,100,000	1958	65,000,000	12,500,000
1953	69,700,000	6,100,000	1959 (estimated)	74,000,000	19,700,000
1954	71,800,000	8,000,000	1960 (estimated)	100,000,000	36,000,000

[1] Includes new, used, and rebuilt machinery, percentage not available.

Source: Department of Commerce, BDSA Division.

As this association pointed out to the Tariff Commission and the Committee on Reciprocity Information in July and in September of 1960, the textile machinery industry of the United States has long since reached the peril point.

In 1958, employment in the textile machinery industry which has been declining for 10 years was at a new low. Most areas in which our industry plants are located were classified by the U.S. Department of Labor as in the substantial labor surplus bracket. The labor surplus situation remains unchanged today.

The most recent report of the U.S. Bureau of Labor Statistics, covering ATMA plant areas is attached to this statement.

The textile industry of the United States has available for purchase, right on its doorstep, the most technologically advanced textile producing machinery in the world. Yet, due to unrealistic depreciation policies and other factors that retard cash flow it cannot reequip as we believe it would were the cash flow there.

Textile mills of other countries are engaged in expansive modernization planning because they may obtain easier financing with longer credit terms, fast tax writeoffs, Government subsidies, each of which is an incentive to reequip at a rapid rate. The most obvious result of such modernization is the rapid increase in imports of textile goods in immediate past years.

We earnestly urge this committee to move rapidly in submitting recommendations through proper channels for more realistic depreciation allowances, and other remedial measures that will unblock the vast modernization potential which we believe exists and in which the mills of the United States should have the opportunity to participate. Such action would assist the American textile industry to meet its problems, to maintain its mills in condition to meet any emergency period.

Also, we urge this committee to give consideration to the State in which the textile machinery industry finds itself, as outlined here and gives in detail to the Tariff Commission and the Committee on Reciprocity Information, and to initiate proper action with your jurisdiction toward relieving it of the import hazard that has forced the American textile machinery industry to the peril point.

Respectfully submitted.

AMERICAN TEXTILE MACHINERY ASSOCIATION,
W. K. CHILD, *President.*

GEOGRAPHIC LOCATION MEMBER FIRMS OF AMERICAN TEXTILE MACHINERY ASSOCIATION, NOVEMBER 1960

[Labor classification: C—Moderate labor surplus. D, E, F—Substantial labor surplus (emergency)]

Rockford, Ill	C.
North Adams, Mass	Labor surplus.
Worcester, Mass	C.
Biddeford, Maine	Labor surplus.
Cleveland, Ohio	C.
Philadelphia, Pa	C.
Bethayres (Philadelphia area)	D.
Providence, R.I	D.
East Rochester, N.Y. (Rochester, N.Y.)	B.
North Andover, Mass. (Lawrence area)	D.
Baltimore, Md	C.
Scranton, Pa	E.
Milford, Mass	Small area with substantial labor surplus.
Bloomfield, N.J. (Newark area)	C.
Kearney, N.J. (Newark area)	C.
Salem, Mass	C.
Westfield, Mass	D.
Dover, N.J. (Morristown-Dover area)	Small area with substantial labor surplus.
Paterson, N.J	D.
Spartanburg, S.C	Not classified.
Taunton, Mass	Labor surplus.
Fitchburg, Mass	D.
Holyoke, Mass	D.
Orange, Mass	Not classified.
Boston, Mass	C.
Graniteville, Mass. (Lowell area)	E.
Charlotte, N.C	C.
Passaic, N.J	D.
Greenville, S.C	B.

Source: Bureau of Labor Statistics, U.S. Department of Labor.

AMERICAN TEXTILE MACHINERY ASSOCIATION,
Vienna, Va., October 19, 1960.

Mr. JOHN W. MENEFEE, Jr.,
Materials Handling and Special Industrial Equipment Branch, General Industrial Equipment and Components Division, U.S. Department of Commerce, Washington, D.C.

DEAR MR. MENEFEE: Acknowledgment is made of receipt of abstract of arguments in rebuttal filed by Edward S. Rudnick in regard to statements made by representatives of this association before the Tariff Commission and the Committee for Reciprocity Information.

American manufacturers of spinning equipment have given careful consideration to the material. They are in agreement that the association's position relative to tariff on textile machinery, and to imports of such machinery, filed June 24, September 6, and September 15, still obtains.

We note that Mr. Rudnick states that machines made in Japan by companies he represents have technological improvements not available from U.S. manufacturers; and that prices of imported machines "are not necessarily lower" than prices of similar U.S. built machines.

The facts do not support his contention.

Technology of spinning from sliver is not new to U.S. manufacturers. In this system which eliminates a separate roving frame, the roving drafting element is retained, but is on the spinning frame.

Each of the U.S. manufacturers of spinning equipment have available sliver spinning units. Saco-Lowell Shops' Can-Spin system is well known.

The Rockford Manufacturing Co. near Knoxville, Tenn., is a new mill designed for and equipped with the Can-Spin system on a coarse yarn count. Cannon Mills, Kannapolis, N.C., has for years successfully used Saco-Lowell's Can-Spin machines. Whitin Machine Works has for some years offered to the trade a four-roll drafting system for spinning yarns from sliver. Shuford Mills, Hickory, N.C.; Caron Spinning, New Rochelle, Ill.; and Peerless Rug Co., Canada, have installations of sliver spinning. Also, Whitin has a practical method of packaging sliver for creeling in the spinning frame, although the approach is different from the Japanese method.

Drafting elements capable of draft up to 400 were built by Saco-Lowell Shops as a compound spinning frame and installed in a fine yarn mill 20 years ago. The system was technologically feasible then, but was abandoned because it was not considered economic to add a roving frame drafting element behind every spindle element of spinning.

In conventional large package U.S. built spinning systems, 40,000 spinning spindles require only 1,200 roving spindles. In sliver spinning, 40,000 spinning spindles require 40,000 roving drafting elements.

The cost of building, by U.S. manufacturers, sliver to yarn spinning according to U.S. concepts of efficiency and quality is estimated to be at least $15 more per spindle than conventional systems. Conventional spinning cannot be produced in the United States at prices quoted on similar equipment by foreign manufacturers.

For your information exhaustive engineering and cost studies made by U.S. textile machinery builders show that several factors not previously brought out substantiate the general statement that spinning from drawing sliver cans is not economic in U.S. manufacture:

(*a*) Small sliver cans for creeling on the spinning frame, such as is used on the Japanese frame, hold only 3 pounds. Each time the empty cans are replaced with sliver-filled cans the machine must be shut down. The labor cost, plus production time lost in this operation add hidden costs to production that offset labor savings anticipated through elimination of roving frame labor.

(*b*) Large drawing sliver cans, used by U.S. builders, rest on floor space which in spinning rooms is at a premium. Engineering studies show that 58,100 square feet is needed to house sliver can spinning, compared to only 25,740 square feet for both roving and packaged sliver spinning on same weeekly production. Taxes, insurance, depreciation of building, etc., are costs that are increased in ratio of floor space required.

(*c*) The investment in cans and bobbins for sliver spinning is more than twice as much than for conventional spinning, for same weekly production of pounds of yarn.

(*d*) Capital tied up in stock in process in sliver spinning is four times as great as in conventional spinning, on same weekly production of pounds of yarn.

(*e*) Fire hazards, proper humidification in the drafting areas, applications of overhead cleaning, are problems involved in sliver spinning.

The above factors point up again the statement of the American Textile Machinery Association that Japanese spinning such as is now being sold in the United States by Mr. Rudnick is not sold on technological merit, but on the current prices made possible by low-wage areas overseas and an unrealistic tariff structure.

As to the reference to financial statements of U.S. textile machinery manufacturers indicating high sales and earnings, information previously furnished the Tariff Commission and the Committee on Reciprocity Information on production by unit volume and low employment still obtains on textile machinery manufacture. High earnings and low production and employment do not go hand in hand.

Very truly yours,

WILLIAM K. CHILD, *President.*

AMERICAN TEXTILE MACHINERY ASSOCIATION,
Vienna, Va., September 15, 1960.

Mr. EDWARD YARDLEY,
Executive Secretary,
Committee for Reciprocity Information, Washington, D.C.

DEAR MR. YARDLEY: We beg leave of you to have appended to the statement of the American Textile Machinery Association, presented to the Tariff Commission September 6, the attached stories of foreign equipment in U.S. textile mills, and the facts contained in this letter.

Item 1: The story of the new textile mill equipped entirely with Japanese machinery that appeared in Time magazine, September 12, 1960, and elsewhere.

We believe that there are errors in prices reported, in the stories, on this equipment. It is our understanding from reliable sources that the Japanese equipment sold for $38 per spindle, and the American price for equipment capable of comparable production is $66 to $70 per spindle, a total difference of not less than $253,000 in favor of Japanese equipment. However, should the prices quoted in Time be in order there still remains a total difference of $94,000 in favor of the Japanese equipment. The latter figure is enough to persuade a textile mill customer to purchase equipment offshore.

The reference to increase in wages should not be credited to savings through purchase of low-cost machinery. According to the North Carolina Department of Labor, the average hourly wage in North Carolina textile mills is $1.51 (July 1960) and in the Charlotte area, adjacent to the mill's location, the average hourly wage for textile operators is $1.53; 26 and 28 cents higher, respectively, than the figure quoted as the "recent raise."

The O–M Spinning Machine was entered at American Textile Machinery Exhibition-International, Atlantic City, N.J., May 23–27, as cotton spinning equipment. It was shipped from there to Long Shoals Mill where according to the attached story the mill production is entirely spun synthetics. (See p. 8, ATMA statement, September 6, 1960.)

Although this is a small mill it is an example of an expanding import pattern, due to price alone.

Item 2: Two stories appeared simultaneously, September 14, 1960, reporting that two of the larger textile mills of the South are negotiating for purchase of foreign spinning machines. Japanese spinning machines totaling 40,000 spindles are being purchased at a reported price of $40 per spindle including duties. American built equipment for comparable production would cost the mill between $66 and $70 per spindle. This means a differential of $1,140,000 in favor of the Japanese purchase.

Another mill plans to purchase 30,000 spindles from Switzerland at a reported price of $50 per spindle. Compared to prices of American-built spinning there is a total differential of $480,000 in favor of the Swiss machinery.

These new orders for foreign spinning equipment are alarming to American machine builders because they are made by two of the most respected textile companies in the industry whose action may influence many others. The two orders described are equivalent to the entire 1958 production of U.S. spinning machinery builders, who have a total production capacity of 850,000 new spindles per year. When reference is made to spindles, in the above cases, it is the measurement of the complete spinning machine.

Item 3: The story of 400 Sulzer (Switzerland) looms being imported for use of four leading textile manufacturers is another example of business lost to overseas. This order of $5,200,000, if placed in the United States, would mean purchase of materials from other U.S. industries and employment in the textile machinery industry now operating in a labor surplus area. U.S. Department of Commerce reported in Foreign Commerce Weekly, June 1960, that Sulzer Bros. booked orders would keep them at capacity operation for more than a year. U.S. loom builders are operating at approximately 60 percent capacity.

The wide publicity given to these foreign machine installations in U.S. mills is regrettable as it freely advertises to our customers the price differential in American and foreign equipment and the latter penetration in the domestic market. On the other hand they emphasize the statements filed with the Tariff Commission by this association.

Respectfully,

W. K. CHILD, *President.*

AMERICAN TEXTILE MACHINERY ASSOCIATION, 1960

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SUPPLEMENTARY STATEMENT ON BEHALF OF THE AMERICAN TEXTILE MACHINERY ASSOCIATION, RELATIVE TO THE FURTHER NEGOTIATION OF U.S. TARIFF RATES ON TEXTILE MACHINERY

[NOTE.—All import dollar figures from International Economic Analysis Division, Bureau of Foreign Commerce, U.S. Department of Commerce, and Report No. FT–110, U.S. Department of Commerce]

On June 24, 1960, the American Textile Machinery Association, representing 95 percent of the textile machinery building industry of the United States, filed with the Tariff Commission, and with the Committee for Reciprocity Information, a statement of protest against further tariff concessions on any items of textile machinery included in the "List of Articles Imported Into the United States Proposed for Consideration in Trade Agreement Negotiations."

1. At this time the association respectfully appeals to the Tariff Commission to recognize that we have approached the peril point, and to recommend to the President that tariff concessions now in force be withdrawn and statutory rates restored to all textile machinery items discussed herein, and other items manufactured by our member firms on which concessions have been granted, in order to bring import items into price line, FOB American shores, with current prices of American built machinery.

2. We urge the Committee on Reciprocity Information to omit from further tariff negotiations with GATT all textile machinery items.

If these two steps are taken our industry may survive to conduct its business in a normally competitive manner.

We believe that the pattern of import expansion of foreign made capital equipment for textile manufacture presented herewith proves that our small industry made up of only 60 member firms, is in great danger from infiltration of foreign goods in the American market, and in a serious situation regarding our global market. It is impossible to cover all items of textile machinery, but we discuss herein those categories most readily affected by the concessions already in force.

I. Code No. 7503000—Synthetic textile machines and parts, n.e.s.

Synthetic yarn producing and processing machines manufactured in Europe are comparable in appearance and efficiency with American built machines. It is only on a price basis that U.S. machine builders lose this business to oversea countries.

The United States is the largest producing country of manmade fibers, and furnishes the largest potential market for such production assemblies, all units of which are engineered, designed, and custom built according to requirements of the fiber producer concerned.

It is not practical to quote asking prices on a variety of the machines that may or may not go into the assembly line at the synthetic fiber producing plant. However, one example, pricewise, is that of a rayon extrusion unit that if built in the United States is priced at approximately $50,000, and must compete with a German, or Netherlands, or Swiss, or United Kingdom built unit that is priced 30 percent lower. It is understood that Japan is now entering this field with an even lower asking price. Mitsubishi Heavy Industries, Ltd., is currently supplying equipment valued at approximately $6.5 million for a new rayon filament yarn plant in India. An announcement this week from Tokyo is that $12.4 million of this type machinery has been sold to U.S.S.R.

Although American synthetic fiber producers express preference for equipment built in the United States, with the existing tariff rate our machinery

cannot compete pricewise with that from oversea. The company in the United States that builds the extrusion unit described above is operating today with an employment status of 33⅓ below that of 1951, while competitive oversea manufacturers are on full production schedules, and are largely supplying equipment to the synthetic fiber producing plants now under construction, or expansion in the South.

Since 1952, imports of capital equipment under code No. 7503000 have amounted to more than $4 million, of which more than $739,078 was in the first months of 1960, a figure comparible to a total of $766,961 during the whole of 1959. The final total for 1960 is expected to far exceed the import volume for the first 6 months which does not include machinery scheduled for new plants now under construction.

In 1959 chief imports for Code No. 7503000, were as follows from country of origin:

United Kingdom	$22,926
Netherlands	142,459
West Germany	515,797
Switzerland	82,657

(Dollar value above is market value overseas and does not include duties, ocean freight, and marine insurance.)

II. Code No. 7508900—Pile—Looms. Code No. 7508500—Other looms. Code No. 7508900—Parts

Two of the largest loom builders in the United States report a decrease in employment of 45 and 30 percent, respectively, since 1951; and a decrease in annual production of looms by 69 and 44 percent, respectively, compared to 1951. This gap in production and employment is the direct result of oversea competition on a worldwide basis, a competition made possible because of difference in production costs of the United States and other countries.

The same situation exists for loom parts, an important item of which is the Dobby. Within the past 3 years $1,250,000 worth of dobbies have been imported from Switzerland to be installed on looms in place in textile mills of the United States and on new looms.

Looms from Switzerland, Belgium, and Great Britain are currently offered in the United States, including duties and shipping charges, under American prices for comparable machinery.

For example:

1. An English made narrow fabrics loom is sold at $1,500 compared to the U.S. price for a similar but more efficient loom at $2,000.
2. A British made multiple box loom sells at $3,600 compared to one made in the United States to sell for $4,400.
3. A single shuttle loom made in Belgium is offered at a price, including duties and freight, up to 10 percent under that for a comparable American built loom.
4. A Swiss made box loom sells for $3,500 compared to its counterpart American loom priced at $4,400.
5. Another type Swiss built rayon filament multiple box loom is priced at $3,200 and its American counterpart at $4,850.

At a recent hearing before this Commission representatives of the velvet industry testified that no velvet looms were manufactured in the United States and that in the past 5 years "American manufacturers sent many, many American dollars to Europe for this equipment."

On behalf of American loom builders we point out that velvet looms formerly were produced in this country, but because of the great difference in production costs of this country and foreign countries on this type loom it was uneconomic to continue to manufacture the velvet loom. U.S. production of this type loom was of necessity abandoned to European machine builders.

Since 1952, looms valued at $2,796,000 have been imported together with parts valued at $1,537,000. During the first 6 months of 1960 looms valued at $329,078 and parts valued at $243,339 have entered the United States. These figures are far in excess of the loom import for the entire year of 1959.

During 1959 chief imports of looms by country of origin were:

Code No. 7508500 only		*Code No. 7508500 only*	
Sweden	$3,288	West Germany	$96,185
United Kingdom	51,961	Switzerland	15,296
Netherlands	1,126	Italy	28,473
Belgium	7,878	Japan	4,000
France	2,239		

Parts—Code No. 7508900		*Parts—Code No. 7508900*	
United Kingdom	$11,320	West Germany	$78,677
Netherlands	16,997	Switzerland	221,096
Belgium	18,074	Italy	16,178
France	3,168	Japan	733

(Dollar value is market value overseas and does not include duties, ocean freight, and marine insurance.)

III. Code No. 7515290—Other worsted combs

This equipment, which includes the French or rectilinear comb and the vertical comber, has to all practical purposes replaced in the United States the Noble or Bradford comb. The market for this type equipment is highly competitive on a worldwide basis, and in the United States the price differential between American and foreign built combers is wide enough to influence purchase offshore.

An American-built, French-type comber sells for $17,500. This comber, constructed on an entirely new concept which permits three kinds of production, is not comparable to the older French-type comber still produced overseas to sell at $5,000 and which is being bought as an "economy" measure by worsted manufacturers.

During the first half of 1960, imports of this equipment amounted to $248,645, a figure indicating that 1960 imports will be the same as for the year 1959, which was over one-half million dollars.

In 1959, chief imports as follows entered the United States from:

Code No. 7515290		*Code No. 7515290*	
Sweden	$3,242	France	$194,639
United Kingdom	191,099	West Germany	4,073
Netherlands	4,269	Switzerland	70,099
Belgium	2,782	Italy	66,025

(Dollar value is market value overseas and does not include duties, ocean freight, and marine insurance.)

IV. Code No. 7515300—Wool and worsted preparatory and spinning equipment: Carding, gilling, drafting, and spinning

The new concept of worsted manufacture introduced by American machine builders in the 1940's has built up a highly productive pattern of manufacture. "The American System" (a term registered by an ATMA member but used herein as a generic term) rapidly revolutionized production of worsteds and blends, and has largely replaced the Noble, Bradford, and French systems.

Machines for the American-type system have been copied by many European manufacturers and are now penetrating the domestic market. In some cases the price of the foreign-built machine is 40 percent lower than the American-built machine. The same price situation exists in preparatory and spinning equipment for the woolen system.

For example:

1. An American-built spinning frame that is priced at $26,671 has to compete pricewise with a similar Belgian machine listed at $14,300.

2. Gilling machinery made in the United States is priced at $10,810 and must compete with Italian-built equipment that sells in this country for $7,000; and the British version priced at $4,436.

3. A high production intersecting gill box unit that is priced by a U.S. manufacturer at $17,500 is undersold by a French-made machine at $14,700.

4. A heavy-duty pin drafter made in this country must sell at $14,500 and would be in competition with a similar machine made in West Germany which sells, including duties and shipping, for $12,500. This machine has made heavy inroads in the U.S. market.

5. An American-built pin drafter is priced at $14,600. Its counterpart made in Belgium is priced, including duty and shipping costs to the United States at 10 percent less. A comparable machine manufactured in West Germany is 12 percent lower; and that built in Italy is 30 percent lower.

Sizable installations of worsted spinning, carding, gilling, converting, and stapling equipment have been put recently in several southern mills. In each case, price was the determining factor to influence the purchaser toward offshore procurement.

Since 1952, approximately $8 million of foreign equipment in the category of Code No. 7515300 has been placed in U.S. woolen and worsted mills. In the first 6 months of 1960, approximately $500,000 worth has been imported and, if the volume continues at that rate, imports for 1960 will exceed any previous year.

During 1959 the chief imports under Code No. 7515300 were:

United Kingdom	$128,598	West Germany	$345,840
Belgium	57,548	Switzerland	3,030
France	45,691	Italy	23,755

(Dollar value is market value overseas and does not include duties, ocean freight, and marine insurance.)

V. Code No. 7515490—Carding, spinning an dtwisting machinery, and parts, for fibers other than cotton, wool, and bast

This classification which in effect sets aside equipment as specifically for use in manufacture of manmade fibers is not wholly applicable to present day manufacturing systems. Some preparatory machines are designed for filament processing, but most machines in U.S. textile manufacture are built and used for multifiber operation, and are equally suitable for changeover to cotton, to synthetics, to blends. A mill that manufactures cotton solely is today, in the United States, a thing of the past. Almost every mill manufacturing cotton goods also processes manmade fibers and blends on the same machines. Therefore, the question arises as to how much of the $22½ million worth of equipment imported in recent years under Code No. 7515000 (cotton) at the tariff rate of 10 percent, when installed in the mill has become part of the production pattern for processing manmade fibers or blends in addition to cotton.

It is conceivable that this situation may be similar to that of typewriter ribbon cloth which was entered as "waterproof" material to gain a lower duty rate (as pointed out to the Commission at an earlier hearing by the textile industry) and for which remedial action has already been recommended to the President by the Tariff Commission.

According to the American Cotton Manufacturers Institute, of the total poundage of raw material consumed by U.S. textile mills in 1959, 29.4 percent was manmade fibers. One-third of the production machinery in place in the textile industry cannot be identified as used solely for manufacture of manmade fibers.

Since 1952, preparatory and spinning equipment under Code No. 7515490, valued at nearly $4 million has been imported. In 1959, imports were valued at $1,134,959 and imports for the first 6 months of 1960 amount to more than a half million dollars, a volume which if continued through the year will surpass imports for all of 1959.

Some of the best known textile machinery firms in Europe have been and are supplying this equipment, and Japan has now entered this market.

In 1959, chief imports to the United States by country of origin are as follows:

Code No. 7515490:		Code No. 7515490—Continued	
Sweden	$28,915	France	$131,321
United Kingdom	37,469	West Germany	539,465
Netherlands	27,250	Switzerland	286,560
Belgium	55,871	Italy	28,008

(Dollar value above is market value overseas and does not include duties, ocean freight, and marine insurance.)

Some examples of inroads in the U.S. textile industry in the field of preparatory and spinning are—

(*a*) A completely new mill with all Japanese preparatory and spinning equipment. The Japanese price was $38 per spindle, versus the U.S. machine price of $70 per spindle.

(*b*) A new mill expansion, equipped with Swiss machinery, the preparatory equipment purchased at a price 30 percent lower than the similar American-built machinery; the spinning 30 percent lower in price than the so-called bargain or economy unit of American-built spinning.

(*c*) A large addition to a mill, completely equipped with Swiss spinning priced at $40 per spindle, a figure $26 below the lowest U.S. bidder.

The preparatory equipment made in Switzerland which is an exact copy of the American-made machine is priced $6,000 below the American unit. The British machine bears the same price as that of the Swiss.

(*d*) An existing mill modernized with Swiss preparatory equipment, at a cost of $760,000 which if American built would have amounted to $880,000.

(*e*) Another U.S. textile mill has sent a followup order to Japan for 30,000 high-draft spindles following an initial order of the same amount. Also, a Japanese firm has a sample order for 100 units of carding equipment.

In a complete vertically integrated mill, preparing and spinning equipment represent 39.2 percent of the total cost of capital equipment.

The two largest companies in the United States manufacturing equipment in the above category, today have an employment total 30 percent below that of 1950. Future orders carry them only into 1960. On the other hand, their competitive companies overseas are having to import labor and are booked to capacity into 1962 or 1963.

VI. Code No. 7515500—Winders and parts

The prevailing prices on American-built machines in this category are from 40 to 50 percent higher per spindle than the similar competitive machines produced overseas. The competition from overseas on this category has forced three member firms of ATMA to abandon production in this field, with a resultant displacement of jobs of American workers.

An example of competition is the down ply twister, suitable for any fiber; U.S. price is $112 per spindle, foreign price is $65.

Automatic spoolers which serve a function similar to winders are all engineered and custom built to meet requirements of the purchaser. These machines as built in the United States are the most highly automatic spoolers produced anywhere. Each custom-built model varies in price according to size, which may vary from 90 spools to 378 per machine. Therefore, we offer for comparative purposes a U.S.-built machine described as 288-spindle automatic spooler and priced at $64,371, production of which is comparable to that of an assembly of several foreign-built winders totaling 650 spindles, the assembly selling for a total of $32,500. The U.S. spooler despite its high productivity faces competition from foreign-built units, not automated to the same extent, but which because of the price differential may appeal to a mill customer desperately trying to equip with investment capital insufficient to his needs.

Since 1952, machines valued at $3,500,000 have been imported under Code No. 7515500; during the first 6 months of 1960 these imports amounted to $335,775, a figure comparable to the entire preceding year.

In 1959 chief imports by country of origin are as follows:

Code No. 7515500:

United Kingdom	$11,696
Netherlands	5,839
West Germany	250,945
Switzerland	73,729

(Dollar value above is market value overseas and does not include duties, ocean freight, and marine insurance.)

VII. Code No. 7515600—Beaming, warping, slashing, and parts

Here again, the price differential appears to be the only factor which would persuade a textile plant in the United States to purchase offshore equipment. From 30 to 40 percent lower asking prices prevail in the European market for this equipment which is a necessary preparatory stage for the weaving process.

An American-built, high-speed warper capable of producing 900 yards per minute means an investment by a mill of $8,700. This machine is competitive with one made in England priced at $3,500.

Automatic warp-typing machines built in the United States range in price from $6,000 to $11,000 depending upon the model. However, a competitive German-built machine of this type which sells for $3,000 is comparable to the U.S.-built machine priced at $7,500.

Since 1952, equipment under Code No. 7515600, valued at more than $1.5 million has entered the United States. The imports for the first 6 months of 1960 were approximately one-fourth million dollars, a figure comparable to imports for all of 1959.

In 1959 chief imports by country of origin were:

Code No. 7515600:	
Denmark	$92,532
United Kingdom	7,405
West Germany	37,623
Switzerland	134,413

(Dollar value above is market value overseas and does not include duties, ocean freight, and marine insurance.)

VIII. Code No. 7515700—Bleaching, printing, machines, etc., and parts

The category of finishing equipment is one of the most "hard hit" by foreign-made equipment. Overseas prices are lower than those of the United States by 40 to 50 percent; terms offered by foreign manufacturers are better than can be had in the United States, when foreign-built equipment is offered textile customers.

Technology of much of the U.S.-built equipment is copied by oversea manufacturers. But appearance of foreign finishing equipment is often better than that of U.S.-built machines as oversea manufacturers may use polished chrome steel and other refinements which they can include and still undersell U.S. manufacturers at a wide margin. Also, with lower cost factors of machine building overseas (chiefly lower labor costs) manufacturers may include extra processing accessories that make their machines more versatile. It would be prohibitive, pricewise, for U.S. builders to do this.

Finishing equipment is costly indeed, and because of economic pressure a number of U.S. finishing concerns are absorbing imported machinery.

Some examples of recent heavy losses by U.S. machine builders of sales to, and installations of finishing equipment in, U.S. plants, due solely to lower prices from oversea competitors, are given herewith.

Lost to:	*Value*
1. An automobile upholstery plant: 4 tenter dryers	$400,000
2. A research corporation: 1 tenter dryer	35,000
3. A woolen mill: 1 tenter dryer	80,000
4. A finishing plant: 20 machines	1,000,000
5. 6 dyeing and printing concerns: 29 jigs	145,000
6. 5 finishing plants: 5 embossers	50,000
7. 5 screen-printing concerns: 11 screen-printing machines	550,000

Dollar values given above are U.S. manufacturers' prices.

Each of the above machines were underpriced by foreign equipment, some up to 50 percent. Employment today of U.S. finishing companies is half that of 1950 and despite the fact that they are located in the heart of the textile-finishing areas where technical assistance and other services could be rendered their customers, the business has flown overseas because of the wide spread in asking prices.

The terrific impact of foreign competition in textile finishing equipment is, to the U.S. builders, disastrous. It is pointed out that this equipment is engineered and built to specifications of the customer, and that the average mill installation of finishing equipment is limited to one assembly. If the assembly is of foreign-built equipment, that textile customer, one of a limited number, is permanently lost to the American machinery industry.

Since 1952, imports of finishing equipment having a value of $7.5 million have entered U.S. mills. Imports for the first 6 months of 1960, under Code No. 7515700 are over $1 million and are already in excess of imports for all of 1959.

Figures do not include imports which usurped anticipated sales by U.S. builders itemized above.

In 1959 chief imports by country of origin are as follows:

	Code No. 7515700		Code No. 7515700
Sweden	$88,473	West Germany	$452,305
United Kingdom	252,509	Switzerland	284,023
Netherlands	6,198	Italy	13,694

(Dollar value above is market value overseas and does not include duties, ocean freight, and marine insurance.)

In 1958, when the last GATT concessions were granted on textile machinery described above, the natural and traditional major market for U.S.-built machines, the textile industry of this country, was at a low cyclical ebb. Textile mills of the United States although badly in need of modern equipment were unable to meet their machine requirements because of lack of cash flow due to several factors, each of which has been presented many times to the Tariff Commission and to other Government agencies including the Internal Revenue division of the Treasury Department. It was unfortunate that tariff concessions were granted on textile machinery when the machine builders of the United States were in a period of the greatest economic distress in the history of the industry. By thusly opening wide the door to our oversea competitors, who had in the past 10 years completely retooled and modernized, return to normal production of the American textile machinery industry was indefinitely delayed.

The penetration of the U.S. market by foreign textile machinery manufacturers represents a permanent loss to American machine builders. Textile machinery does not wear out, it becomes obsolete with impact of new developments and improvements. According to U.S. tax laws it is depreciated on a much longer basis than is customary in foreign countries. A textile mill in the United States does not frequently reequip for replacement or invest in capital equipment for expansion. Once the equipment is purchased from offshore sources it means not only a loss to the American supplier for the capital equipment, but a permanent loss for repair parts and maintenance equipment, which represents a large part of a machine builder's business.

Estimates projected by the U.S. Department of Commerce for textile machinery imports for 1960 when reevaluated in terms of U.S. machine prices will equal almost 25 percent of our estimated production (in dollars) for shipment to U.S. mills, and will surpass our dollar exports for last year.

American textile machine builders have expended vast sums in recent years in research and development. Their research and development program is continuing at a higher ratio of cost to value of sales compared to other industries of the United States. American leadership in textile machine building is shown by the fact that foreign machine builders around the world are continuously copying machines designed, patented, and manufactured in the United States. These copies, which involved no research and development expense and which are built with low-cost labor, then are marketed at a figure American builders cannot meet. As long as high wages and fine standards of American living continue it will be impossible for American textile machine builders to reduce costs of operation.

Consider the average hourly wages in other countries producing textile machinery, compared to the United States:

Germany	$0.75	Japan	$0.35
Netherlands	.59	England	.85
Italy	.60	Switzerland	1.00
France	.70	United States	2.25
Belgium	.76		

The apprentice system is not practiced in American textile machine foundries or machinery assembling. But we have seen most intricate electronic panels being assembled in a Swiss competitor's factory by a 3-year apprentice earning 25 cents per hour. In the United States, such a worker would be classified as highly skilled, and would be drawing the highest wage rate.

The American textile machinery industry is operating at 60 percent of capacity; employment is 40 percent below the employment rate 10 years ago. In other countries however, this situation is reversed. West Germany, whose economic power in the world marketplace has reached an unprecedented high level, is the largest exporter of textile machinery in the world surpassing United

Kingdom which held the lead in 1956. This export record amounting to 80 percent of its textile machinery production has been accomplished in 10 years; and concessions granted on U.S. tariff rates have aided that expansion.

Switzerland, suffering from a labor shortage, imported in 1959 nearly 300,000 workers; thousands of whom were in the bracket of professional metalworkers. Two-thirds of Swiss produced machinery is exported. In an address to the trade press in May the consul general of Switzerland outlined plans for a drive "on the large potential of the American market that should lead to increased exports of Swiss textile machines, the most important export group, to the United States."

Japan, during the first quarter of 1960 exported $11.6 million worth of textile machinery, an increase of 100.9 percent over the same period of 1958. Also, it is noted that an arrangement has been made with the Central India Machinery Manufacturing Co., Ltd., the only producer of automatic looms in India, for the Enshu Weaving Machinery Co., Ltd., of Japan, for the manufacture in India of the Japanese looms, which could preclude looms from other countries.

England, which until 1958 lead the world in textile machinery exports is now second to Germany, and in addition is reequipping its textile mills under Government subsidy and to full capacity of its textile machinery industry.

There are 15 principal textile machinery producing countries and 71 countries or areas of purchase and destination of that machinery. American textile machine builders participate in this global business dollarwise to the extent of approximately 18 percent of the dollar value of their production. This, however, in units of production is approximately half their export business done in 1950. And yet it has been traditional that the U.S. textile machinery industry enjoy participation in the global market and maintain, at the same time, full supply lines in the U.S. market.

The management, marketing, and servicing of textile machinery is of necessity a continuous activity. It cannot be conducted for export business as a gap filler when the domestic market is in cyclical decline. For that reason American builders of machinery desire to maintain their traditional oversea market on a fully reciprocal basis. Artificial trade barriers including licensing and quota restrictions currently in existence have effectively excluded American textile machinery even when certain compensatory tariff reductions were granted. Some of these are:

1. Although textile machinery is on the free list in Uruguay, license to import is denied by authorities.
2. India, Brazil, and most Latin American countries embargo imports of humidifiers and textile machinery air-cleansing equipment, known commercially as traveling cleaners.
3. The Italian rate of duty on textile winding machinery is 23 percent, compared to the current U.S. rate of 17 percent.
4. Spinning machinery imports are completely embargoed by Jordan.
5. India has a complete embargo on spinning frames and revolving flat cards. India also prohibits imports of machinery until 25 percent of India-made similar equipment is sold. With the new arrangement with Japan for manufacture of looms in India this barrier is to all practical purposes increased.
6. Import licenses are difficult to obtain on finishing equipment in England, Italy and Japan.
7. In South America, Central America, and Mexico foreign competitors of American textile machine builders are able to arrange barter transactions with the aid of their governments.
8. High import duty of 150 percent in Argentina is for all practical purposes an excessive restriction.
9. Egypt officially refuses to accept quotations on new textile machinery unless the quoting firm is willing to sign a technical assistance agreement toward the manufacture of textile machinery in Egypt.
10. Accessories for U.S.-built high speed warpers and spoolers cannot be exported to England if similar equipment is manufactured there. Also, other strict embargoes prevail.

Among other trade barriers that interfere with American export business is that marine freight rates from U.S. ports to Europe are higher than those from Europe to the United States. Still another trade barrier for export expansion is that of financing.

These factors were discussed by representatives of our industry with officials of the U.S. Department of Commerce at a conference on June 21, 1960. They are mentioned here to further stress that the future of the American textile machinery industry is built in with their home market.

We point out that our natural market, the textile mills of the United States during the 1950's, suffered grave economic ills and loss of purchasing power. That unfortunate situation in turn created for American textile machine builders the lowest production period—1958—in the history of the industry. In 1960, machine sales by U.S. machine builders are on a unit basis equal to less than 60 percent of our productive capacity. The severe penetration by foreign-built competitive equipment in our home market due to (*a*) lower prices resulting from lower labor costs overseas, and (*b*) tariff rates that are not fortifying American industry, will continue unless it is recognized as having developed the peril point for the American textile machinery industry and unless additional concessions under GATT be disallowed.

This industry was one of the first to be founded in the early history of our country. It established the pattern for the Nation's manufacturing system. In times of war it is classified "strategic." It has always symbolized industrial progress and economic growth. In behalf of the men and women whose jobs are dependent upon the well-being of the industry, the American Textile Machinery Association earnestly appeals that the Tariff Commission and the Committee for Reciprocity Information, respectively, take proper and forthright action to halt the production decline in the industry due to imports of foreign capital goods manufactured in low wage areas.

Respectfully submitted.

AMERICAN TEXTILE MACHINERY ASSOCIATION,
JOHN L. BOLTON, Jr.
JAMES H. HUNTER.

Imports of textile machinery

Commodity number	Machine	Preliminary, January to June 30, 1960, value	1959 value
7495000	Embroidery machines	$1,259,519	$2,029,548
100	Parts of	126,614	251,755
7495400	Lace-making machines, levers and go-through machines	33,137	42,733
7495500	Parts of	29,569	102,234
7495800	Lace machines, n.s.p.f.	48,779	----------
7495900	Parts of lace-making machine, n.s.p.f.	44,504	42,354
7501300	Parts of full-fashioned hose-knitting machines	64,578	54,572
7501410	Circular hose-knitting machines	1,974,207	2,269,088
7501430	Parts of	348,284	109,075
7501450	Circular knitting machines, outerwear, n.e.s.	275,475	166,318
7501470	Parts of	37,087	190,169
7501650	V-bed flat knitting machines	996,089	1,943,413
7501670	Parts of	46,373	154,914
7501700	Knitting machines, n.s.p.f. (flat knitting)	373,485	1,638,776
7501900	Parts of	123,209	245,626
7502000	Braiding, etc., and parts n.s.p.f.	91,109	160,659
7503000	Synthetic textile machines and parts, n.e.s.	739,078	766,961
7508500	Looms, n.e.s.	329,078	225,052
7508900	Parts of	243,339	366,824
7515000	Carding, spinning, etc. (cotton)	3,300,651	3,732,593
7515100	Carding, spinning, etc. (jute)	34,367	85,945
7515290	Worsted combs, other	248,645	536,228
7515300	Carding, spinning, etc. (wool)	427,960	611,537
7515450	Carding, spinning, etc. (vegetable fibers, n.e.s.)	37,606	90,701
7515490	Carding, spinning, etc. (n.e.s.)	580,550	1,134,959
7515500	Winders and parts	335,775	342,508
7515600	Beaming, warping, slashing, and parts	217,940	272,881
7515700	Bleaching, printing machines, etc., and parts	1,123,228	1,098,741
7515800	Textile pins—M	482,322	146,025
7515850	Textile machinery and parts for educational purposes	13,732	3,147
7515900	Textile machinery and parts, n.e.s.	3,105,470	970,562
	Total	16,429,759	19,785,898

Source: Rept. No. FT-110, U.S. Department of Commerce, Census Bureau.

Mrs. ANDREWS. The American Textile Machinery Association is vitally interested in the situation of the textile industry of this country and supports its efforts in obtaining relief. We feel it is very important. Data on capital equipment status is presented to the committee today to help the textile industry obtain the necessary remedial tax treatment so that with a greater cash flow it may surge forward in its modernization programing which during recent years has been of necessity held up.

When one estimates the enormous savings in operation costs that are brought about through newest and most modern equipment, and which even today may mean the difference between a small profit and a substantial profit, or between no profit and a moderate profit, it is not difficult to envision the potentials of industrial success should the textile mills be allowed the opportunity to expand their machine modernization to the fullest extent.

Now the textile machinery industry is directly influenced by the purchasing power of the textile industry. The production lines and employment status of this industry show exactly the purchases of new capital equipment. The year 1958, when we appeared before you, was the most critical in the textile machinery industry since the years of the great depression. Production of all lines was down.

In 1958, member firms of this association produced only one-fourth as much cotton and synthetic fiber preparatory and spinning equipment as in 1950; little more than half as much woolen and worsted preparatory and spinning; one-fourth as much preparatory equipment for weaving; one-fifth as many looms; and one-third as much bleaching, dyeing, and finishing equipment.

We give the scale of average weekly pourings of iron and it shows in 1959, a 20-percent increase over 1958; 1960, the average is still far below the 1950 average. In the past 3 years the facilities of the textile machinery industry have operated in an average of only 60-percent capacity with employment down by 40 percent.

We feel that published figures on annual expenditures by U.S. textile mills for plants and equipment, given in dollar volume, are misleading because they do not take into account the inflationary factor, increased costs of new, modern, U.S.-built textile machinery such as is on the market today. These increased costs, reflected in higher prices, include higher wage rates, higher costs of raw materials and other operating expenses, plus the advanced technologies that are incorporated in the complete machine and contribute to the efficiency of the machinery, but increase the market price of their equipment.

For example, the figure for 1960, this is on page 3 (ATMA statement), which in dollar volume appears as the largest in the last decade, actually represents approximately one-half the 1951 unit production and installation of new equipment in the U.S. textile mills.

Now the survey recently completed on machinery in place, and approximate age of the machinery, accentuates the statement filed with your committee in 1958 that the U.S. textile industry, harassed by many problems that have contributed to a low profit margin, is consequently not maintaining itself in a machinery replacement program adequate for its size and importance, nor sufficient to hold its own pricewise in a highly competitive market.

66226—61——25

We then review the percentages by specific periods and if you study this table on page 5, you will see that.

Senator PASTORE. Well, we will review it very, very carefully.

Mrs. ANDREWS. I think that covers the situation that we present as far as the textile industry is concerned. We would like to state that we have a traditional export market of about 20 percent, which is down. We operate on the high level of American wages and other increased operating costs, and we cannot compete with comparable equipment in a global market.

Senator PASTORE. What has been your trend with reference to exports? I mean, have they been constant or declining?

Mrs. ANDREWS. The exports in unit volume are declining. The table on page 9 shows that. The dollar volume is high.

Senator PASTORE. But the unit is down.

Mrs. ANDREWS. The unit volume of export in 1960 is approximately one-half that of 1950, and in reverse on the import problem. In 1958, $12 million worth of machinery was imported; and in 1960, it is $36 million.

Senator PASTORE. Could you explain, on page 9 again. You have an estimate of exports here in 1959; you have an estimated export of $74 million, and imports, $19,700,000 for 1959; and 1960, $36 million imports, and $100 million in exports. What accounts for the increase over 1959 in your exports? You have an increase of over 25 percent.

Mrs. ANDREWS. You have an estimated increase of 25 percent dollarwise.

Senator PASTORE. That is right.

Mrs. ANDREWS. Yes——

Senator PASTORE. In unitwise how does that compare?

Mrs. ANDREWS. Unitwise it is fairly close to the estimate of 1959.

Senator PASTORE. It is. In other words, we are not exporting more machinery. We are exporting the same amount of machinery that costs more to produce.

Mrs. ANDREWS. Costs more money.

Senator THURMOND. Imports were up that year?

Mrs. ANDREWS. Imports were up 300 percent in 3 years.

Senator THURMOND. 300 percent in 3 years.

Mrs. ANDREWS. We have attached to this statement a labor classification table furnished by the Bureau of Labor Statistics which will show that our areas of plant operations are still classified in labor surplus. They were in 1958 and they still are.

Senator PASTORE. All right, Mrs. Andrews, we thank you very, very much. We will study it very, very carefully.

It is now almost 20 minutes past 12. We will meet again at quarter past 1.

(At 12:20 p.m. the subcommittee recessed, to reconvene at 1:15 p.m. the same day.)

AFTERNOON SESSION

Senator PASTORE. Are you ready, Mr. Rubin?

Mr. RUBIN. Thank you, sir.

STATEMENT OF MILTON H. RUBIN, PRESIDENT, AMERICAN SILK COUNCIL; ACCOMPANIED BY JEROME C. STRUMPF, ATTORNEY FOR AMERICAN SILK COUNCIL

Mr. RUBIN. I want to express my sincere appreciation for the privilege of appearing before this committee.

My name is Milton H. Rubin. I appear here on behalf of American Silk Council, Inc., of which I am president. The council is a trade association incorporated under the membership corporation law of the State of New York, for the purpose of promoting the domestic silk industry and its component parts. Among its members are manufacturers who account for at least one-half of the domestic output of broadwoven silk fabrics and dyers, throwsters and raw silk dealers.

I am also the president of American Silk Mills, Inc., a textile manufacturing corporation, with a plant in Orange, Va., and sales offices in New York City. This company is a manufacturer and converter of silk and synthetic textiles and blends. In its silk operations, it is the largest manufacturer of silk fabrics and the largest consumer of raw silk in the United States.

At the invitation of this subcommittee I appeared before it in November 1958, to testify with respect to the particular and special problems affecting the silk industry. At that time I emphasized the extremely distressed condition of the domestic silk industry, resulting from its inability to compete with imports of silk fabrics from low wage standard countries.

I pointed out that in 1957, Japanese importations alone were 127 percent of domestic production, compared to only 30 percent in 1955. I also produced statistics showing that imports of Japanese silk piece goods had increased 180 percent between 1955 and 1957, while domestic production had declined 35 percent between these years.

I stated further that "unless restrained the Japanese will take over larger and larger percentages of the silk fabric business in the ensuing years."

The chairman of this subcommittee expressed amazement at these figures and inquired as to whether escape clause proceedings were contemplated by the industry. I stated that such proceedings were in the process of being instituted.

Early in 1959, the silk industry completed and filed its application for escape clause relief with the Tariff Commission. By that time 1958 figures were complete and the position of the domestic silk industry had deteriorated even further. Public hearings on our case were held for almost a week before the Commission in Washington, voluminous testimony was taken, and briefs were filed.

Our application and memorandum to, and proof before, the Tariff Commission showed, among other things, that in 1958, Japanese importations had risen again to 177 percent of domestic production and that imports from that country had increased 264 percent since 1955, while domestic production had declined 42 percent.

Revised figures indicate now it actually declined 51 percent.

The statistical data that was introduced also showed that Japan had increased its share of the overall domestic market in silk fabrics from 19 percent in 1955 to 59 percent in 1958. Despite the showing which was made before the Tariff Commission, that body dismissed the "es-

cape clause" proceedings and declined to make formal findings on the merits. It did so solely on the ground that it did not find it practicable to distinguish or separate the operations of the domestic producing organizations involving broad woven silk fabrics from the operations of those organizations involving fabrics other than silk.

The proceedings before the Tariff Commission exhausted all administrative remedies available to the silk industry. The refusal of that agency to decide or act upon the application stimulated a further massive deluge of imported silk fabrics.

The year 1959 became a record for silk fabric imports. In the year 1959, Japan alone exported 76 million square yards of fabric to the domestic market, an increase of 50 percent over the previous year, and of 407 percent over 1955.

Japanese imports had now soared to 217 percent of domestic production and Japan controlled 66 percent of the entire domestic market in silk fabrics with domestic producers accounting for only 30 percent.

Senator PASTORE. May I interrupt you for a moment?

Mr. RUBIN. Yes, sir.

Senator PASTORE. What does that mean on top of the page:

> It did so solely on the ground that it did not find it practicable to distinguish or separate the operations of the domestic producing organizations involving broadwoven silk fabrics from the operations of those organizations involving fabrics other than silk.

What does that mean?

Mr. RUBIN. Senator, that is something we tried to find out. I don't know whether it would not be best for Mr. Strumpf to attempt to answer that question because it was really a legal question.

Mr. STRUMPF. They said in effect, Senator, they could not find the silk industry, that since members of the silk industry also produced synthetic fabrics, they could not accurately break down that portion of the industry which was silk and that part of the industry which was producing synthetic fabrics or blends.

Notwithstanding the fact that the people that we represented gave complete figures separating their production and gave separate profit and loss statements for the distinct parts of their industry.

Those people that we did not represent perhaps did not give such complete figures and based upon the examination of the figures of all of the companies that submitted statements, they just said, "We can't find where the silk industry is; how large it is; how small it is; and we are not going to make any findings." They just dismissed the case without attempting to pass on the merits of the application. And that ended it.

Senator PASTORE. Under those circumstances, then, what would you suggest would be the remedy?

I mean, here you are presenting to us—I am not being critical, I am just being curious—let's assume that we did recommend and they subscribed to the recommendation of quotas. I mean, under the ruling of the Tariff Commission, it is going to be pretty hard to determine that, too?

Mr. STRUMPF. I think a little more sympathetic approach by the Tariff Commission would be one method of alleviating the situation.

The Commission is directed by statute to make the division where companies are engaged in two or three or four lines of businesses, but here they just said it was not practicable to do so.

In our opinion, too much stress was placed on the profit and loss statements, because of the inability of some companies to accurately separate their figures.

We believe it would have been possible to make the separation, to find the existence of the industry. Each member of the industry produced production figures, separately calculated and set aside from all other production figures, which proved the facts which we have stated in this particular memorandum and in the application to the Commission, but that apparently did not satisfy the Commission.

Senator PASTORE. Did it so happen that everyone in the silk industry was manufacturing other fibers as well?

Mr. RUBIN. No, sir, that is not so. And the division that was made was very clear cut as to the production aspect of it. If we are granted quotas, it won't be on the basis of whether we use different types of raw materials, it will be strictly on the basis of whether the total weight of imports is affecting that segment of the textile business, and I think that what has happened since has very definitely proven that is the case, regardless of whether they could separate the two or not.

Every silk manufacturer in this country, only in the New England States, we just had one large company go out of business. The impact is such that regardless of what fiber we use, in the silk part of our business, we are definitely being affected by these imports.

Senator PASTORE. The thing that amazes me and that is the reason why I am curious—and I don't know the intimate facts of the case because I have not studied that particular case—but under the ruling that was made, as you have explained it, a person who is engaged, let's say, in the manufacture of silk and other products, could never get any relief, because no matter how he came in, they could always take the position we cannot separate one from the other and you certainly cannot come in under both because the situation would be different in both.

Mr. RUBIN. Right. That is exactly the weakness of the situation.

Senator PASTORE. That is why I asked what would be the remedy to that?

How would you handle that? I mean, what in the law would you do in order to—I don't want to use the extreme word of "compel" them to separate, but how would you alleviate this situation? Because, if I understand correctly, they held in your particular case that one operation was so intertwined with the other it was impractical to separate one from the other to make a determination.

Mr. STRUMPF. That is correct.

Senator PASTORE. Isn't that so?

Mr. STRUMPF. That is more or less correct.

Senator PASTORE. If you were hurt, let's say, in both, you could not present that case in toto, could you?

Mr. STRUMPF. No; we would be hit on both sides by the same particular argument, no matter what branch of the industry we were in.

Senator PASTORE. That would go outside of the escape clause.

Mr. RUBIN. Yes, sir.

Senator THURMOND. Did you make any request for segregation?

Mr. STRUMPF. The Commission came down and gave us their usual forms to fill out which required segregation and, to the extent possible, we gave them segregation.

The 10 applicants who were then members of the American Silk Council actually gave complete figures, breaking down both their production, employment, and profit and loss, with respect to silk and with respect to other textile operations.

That portion of the industry, which we did not represent, but which was less than half of the industry, also received questionnaires, and they did not fill them out in the complete form, nor did they have our assistance in doing it.

And because of the failure of the balance of the industry to give the details which we had given, the Commission apparently said, "We can't separate the silk industry from some broader textile industry," and what we have quoted here in our statement is more or less what they said to us when they dismissed the case.

Senator PASTORE. The fact of the matter is they made no finding on the merits?

Mr. STRUMPF. No finding at all on the merits of the case.

Senator PASTORE. In other words, if you were dying they took the position you may be dying, all right, but there is no practical way we can tell how you are dying.

Mr. STRUMPF. That is more or less true.

Mr. RUBIN. Until you are dead.

Senator THURMOND. Did you make any effort to later try to furnish those figures for the other segments of the industry so they would have no excuse not to act?

Mr. STRUMPF. The only thing we could do, Senator, under the escape-clause procedures, once the ruling is against you, you are through. There is no appeal; you can't go back to the Commission, administratively—I think they required that you wait another 6 to 9 months before you started over again.

Senator THURMOND. Did they tell you that figures had not been furnished by the other portion of the industry?

Mr. STRUMPF. We were told that informally by members of the Commission's staff.

Senator THURMOND. Did you attempt to furnish those?

Mr. STRUMPF. We attempted to induce those who had not furnished to stimulate them to furnish, but we do not know to what extent they subsequently were or were not furnished.

By then, as you know, time was running out on the decision, and——

Senator PASTORE. I don't see it is your duty to induce anybody to do anything. It is not your responsibility to go out and get people——

Mr. STRUMPF. We tried our best to do so, and we succeeded in getting some people to give more complete figures; we did not have the subpena power which the Government has, and the rest of the industry, slightly under 50 percent, just did not give the figures in the detail required.

Senator THURMOND. And that was beyond your control?

Mr. STRUMPF. These were not members of our association.

Ours all complied.

Senator THURMOND. Did they understand that? That that was beyond your control?

Mr. STRUMPF. Certainly they did.

Senator THURMOND. Thank you.

Mr. RUBIN. May I proceed, Senator?

Senator PASTORE. Yes; please do.

Mr. RUBIN. Notwithstanding these facts of record, it is unbelievable, although true, that the Federal authorities in preparing for the Geneva Conference to be held this year once again placed silk fabric on the President's list as an item to be considered for further tariff concessions.

In order to protect itself, the industry for the second time went to Washington and, in August 1960, presented its position to the Tariff Commission in peril-point proceedings, and to the Committee for Reciprocity Information.

In these proceedings, complete statistical details were filed and statements were given indicating the critical level to which the domestic silk industry had fallen.

We stated to the Tariff Commission that the "peril points" in respect to silk fabrics had long since been reached and that present duties resulting from previous GATT concessions were already in the nature of extinction points.

We urged the Committee for Reciprocity Information to remove silk from the items to be negotiated downward and to take affirmative action to negotiate and effectuate the withdrawal of concessions heretofore granted on silk fabrics.

In connection with, and independently of, the proceedings before the Committee for Reciprocity Information, we urged that representatives of the silk industry be permitted both to consult with our negotiators prior to the Geneva Conference and to sit in on any negotiations, for the purpose of advising the negotiators on concessions which might be demanded.

The silk industry has received no reply to this request nor any indication that it is being given serious consideration. If the future negotiations take the same course as the past, the industry will not know whether or how it will be affected until the terms of the new trade treaty produced at the Geneva conference are released.

Against this background of an industry withering on the vine, one important fact should be noted. Silk fabric is not a disappearing commodity in this country, but is serving an ever-increasing domestic market which has shown a tremendous and vigorous growth over the past 5 years.

Domestic consumption of silk fabrics (domestic production plus imports) has increased 60 percent from 73 million square yards in 1955 to 117 million square yards in 1959. There has been a definite style trend to silk fabrics, stimulated and promoted in large part by domestic producers.

While the American home market expands, the domestic manufacturers' share of the market has continuously declined. Foreign producers, particularly of Japan, have almost completely appropriated the market. Low foreign labor costs and continuing tariff concessions have produced this result, a fact already established generally by the report of this subcommittee on the textile industry as a whole.

As I have already stated, Japan exported 76 million square yards of silk fabric to the United States in 1959. If that yardage had been produced here it would have resulted in 22 million man-hours of employment in production, dyeing, and finishing, or the equivalent of

11,400 people fully employed for 1 year to produce and finish this yardage. Wages for all of these persons would have made an important contribution to the purchasing power of this country.

I do not say of course that we in the United States would have made all of this yardage; however, the imports were directly competitive with and displaced similar merchandise being made in our mills with consequent economic loss to our industry and to the country.

While Japan is forging ahead, our mills, dyers, and throwsters are constantly closing down, unemployment increases, and the areas in the Middle Atlantic States, where the industry is situated, are listed by our Government as depressed areas.

I should also call your attention to the fact that practically all silk imports, including those from Japan, arrive in finished or semifinished state and are dutiable at a rate 25 percent less than would be applicable if they were imported in the unfinished state.

This is an anomalous, highly illogical, and arbitrary situation. As a result of trade concessions, dyed and finished goods (which involve additional labor and material in the country of production) now come into this country at 22½ percent ad valorem compared to 30 percent ad valorem if imported in the unfinished state.

It is not strange, therefore, that the importation of finished fabrics has been stimulated and encouraged, and that the importer of Japanese merchandise is in a position to offer such fabrics at prices substantially below comparable goods in the unfinished state produced by domestic mills.

The silk industry has been seeking relief, without success, since early in 1958. It was the first branch of the textile business to be seriously hurt by Japanese competition and over the past years it has suffered to a far greater extent than any other segment of the textile trades.

The woolen, cotton, synthetic, and apparel industries felt the pinch of foreign competition several years after our industry. Naturally they are concerned and actively engaged in preventing in their business a repetition of our experience. We ask that our own position and needs be examined and protected by the Government along with the rest of the textile industry, and that it be remembered that while the rest of the industry is now only seeing the full scope of the problem, we have been facing it, and our position now is critical and desperate.

When I appeared before this committee in November 1958, I stated that the only solution for the silk industry was a quota system.

The rest of the textile industry is now asking for the same type of relief. I reaffirm at this time that a quota for the silk industry is a necessity to preserve it. Such a quota should be on a country-by-country basis applying to silk fabrics, regardless of type.

I believe that the unjust tariff differential in favor of finished goods should be rectified and that tariffs on finished goods should be no less than on unfinished goods.

Attached to this statement, which has been distributed to members of the subcommittee, is a complete statistical analysis for the years 1955–59, adjusted and revised, showing the full extent of the drastic deterioration of the domestic silk industry since 1955, and starkly and dramatically illustrating the points I have tried to make to you.

I had hoped to present to the subcommittee figures as to silk imports and production for the complete year of 1960, but unfortunately Bureau of Census statistics are only available for the first 9 months of last year. These figures show both imports and domestic production at about the same level as the first 9 months of 1959, bearing in mind that 1959 was the highest import year on record.

Japanese statistics which I have seen for the full year of 1960 show only a very slight drop in exports of silk fabrics to the United States, and I anticipate that domestic production figures when available for the entire year 1960 will show a decline from 1959.

For the convenience of this subcommittee and to indicate in greater detail the problems of our industry and their presentation to the various Government agencies before which we have appeared, we are also submitting herewith as exhibits the documents filed on behalf of the American Silk Council in the proceedings I have mentioned in this statement.

I just want to make one remark about this matter of our exports being in good shape or better shape. When we talk about exports and our balance of trade being better, we are talking about dollars.

We are not talking about man-hours and analysis of the man-hours in American production, that is, exported, as against the number of man-hours, in our imports, would indicate a complete imbalance between the two figures so that if we are going to continue to export very few products, for instance, raw materials, like cotton, and import manufactured cotton goods, we have many more where we have many more man-hours involved, well, eventually we will find ours may be in balance in dollars but with continuing unemployment because the number of man-hours involved in our imports far exceeds the number of man-hours in our exports.

(The documents referred to follow:)

TABLE I.—*Pure silk and silk mixed fabrics of domestic production, total imports, Japanese imports, and all other imports to the United States, 1955–59*

]Millions of square yards]

	1955	1956	1957	1958	1959
Domestic production: [1]					
Pure silk	31	30	22	18	26
Silk mixed—chief weight	24	23	14	9	10
Total	55	53	36	27	36
otal imports:					
Pure silk	17	28	37	46	72
Silk mixed—chief value [2]	1	3	9	9	9
Total	18	31	46	55	81
Japanese imports:					
Pure silk	14	23	32	42	67
Silk mixed—chief value [2]	1	3	9	8	9
Total	15	26	41	50	76
All other imports:					
Pure silk	3	5	5	4	5
Silk mixed—chief value [2]	([3])	([3])	([3])	1	([3])
Total	3	5	5	5	5

[1] Conversion factors: Domestic pure silk fabrics, 1.24 square yards per linear yard. Silk mixtures, 1.37 square yards per linear yard. (Reference: Facts for Industry, Jan. 20, 1959; Series M22T–2–1–8 supplement Department of Commerce.)

[2] It is to be noted that domestic production of silk mixtures is reported to the Bureau of Census on the basis of fabrics the chief weight of which is silk, while in the case of imported silk mixtures under paragraph 1205 of the Tariff Act of 1930 reporting is on the basis of fabrics of which silk is the chief value. Strictly speaking, fabrics in chief weight of silk and in chief value of silk are not the same. While practically all fabrics in chief weight of silk are also in chief value of silk, the reverse is not true. A fabric can be chief value of silk, although some other fiber in the mixture may be predominant in weight. The import classification for silk mixtures, therefore, is somewhat broader than the domestic classification used by the Bureau of Census, and may include fabrics not reported to the Bureau of Census as part of domestic production. In view of the fact, however, that domestic fabrics in chief weight of silk totaled 24 million square yards in 1955 and 10 million square yards in 1959, it is clear that if any percentage were added to each of these figures in order to compensate for and include fabrics in chief value of silk the result would be to show a greater absolute and relative decline in the domestic mixed fabric category between 1955 and 1959. In the circumstances, the failure to make the adjustment actually favors the imports in comparison with domestic production.

[3] Less than 1 million square yards.

Source: U.S. Department of Commerce, Bureau of Census.

TABLE II.—*Domestic production of silk fabrics for 1955 and 1959*

[Millions of square yards] [1]

	1955	1959	Percent change
Pure silk fabrics	31	26	−16
Silk mixtures, chief weight	24	10	−58
Total domestic	55	36	−35

[1] Conversion factors: Same as table I.

Source: U.S. Department of Commerce, Bureau of Census.

TABLE III.—*Total imports of silk fabrics for 1955 and 1959*

[Millions of square yards]

	1955	1959	Percent change
Pure silk fabrics	17	72	+324
Silk mixtures, chief value	1	9	+800
Total imports	18	81	+350

Source: U.S. Department of Commerce, Bureau of Census.

TABLE IV.—*Imports of silk fabrics from Japan to United States for 1955 and 1959*

[Millions of square yards]

	1955	1959	Percent change
Pure silk fabrics	14	67	+379
Silk mixtures, chief value	1	9	+800
Total Japanese imports	15	76	+407

Source: U.S. Department of Commerce, Bureau of Census.

TABLE V.—*Imports of silk fabrics to the United States from all countries other than Japan, 1955 and 1959*

[Millions of square yards]

	1955	1959	Percent increase
Pure silk	3	5	+66
Silk mixtures, chief value	(1)	(1)	(1)
Total	3	5	+66

[1] Less than 1,000,000 square yards.

Source: U.S. Department of Commerce, Bureau of Census.

TABLE VI.—*Total consumption of silk fabrics and mixtures in domestic market compared to domestic production and imports, 1955 and 1959*

[Millions of square yards]

	1955	Percent domestic consumption	1959	Percent domestic consumption
Domestic production	55	75	36	31
Japanese imports	15	21	76	65
All other imports	3	4	5	4
Total, domestic consumption	73	100	117	100

Source: U.S. Department of Commerce, Bureau of Census.

TABLE VII.—*Comparison of Japanese imports with domestic production, 1955 and 1959*

[Millions of square yards]

	1955	1959
Fabric imports of silk piece goods from Japan	15	76
Domestic production	55	36
Ratio of imports of silk piece goods from Japan to domestic production percent	27	211

Source: U.S. Department of Commerce, Bureau of Census.

TABLE VIII.—*Raw silk imports to the United States for 1955 and 1959*

[Millions of pounds]

	1955	1959	Percent change
Raw silk imports	7.7	6.1	−21

Source: U.S. Department of Commerce, Bureau of Census.

TABLE IX.—*Looms operating on pure silk and silk mixtures by domestic producers at the end of 1955 and 1959*

	End of 1955	End of 1959	Percent change
Number of looms	4,091	3,105	−24

Source: U.S. Department of Commerce, Bureau of Census.

TABLE X.—*Domestic companies reporting production of silk and silk mixtures in 1955 and 1958*

	1955	1958	Percent change
Number of companies	98	71	−28

Source: Special survey made for the silk industry by the Census Bureau, Department of Commerce.

Senator PASTORE. That even goes as to the quantity of goods, if you do it on that level as well?

Mr. RUBIN. Surely. I mean, a very simple illustration is a bale of cotton. The number of man-hours in a bale of cotton is very small.

Take that same bale of cotton and ship it to Japan or any other country with a low wage standard, manufacture it into 80 squares of print cloth and bring it back to this country. You certainly are importing many more man-hours than you did for that bale of cotton.

Senator PASTORE. No; I mean it this way. I don't know if you were here when the gentleman from Rhode Island introduced the shirts that he bought that were Japanese made and Hong Kong made as against an American shirt.

He showed that the Japanese shirt cost $1 and it showed that the American shirt cost $2. It means this, that if you had the same balance in payment, you would have twice as many shirts, Japanese made, in this country, as against the number of American shirts that went out of the country.

Mr. RUBIN. That is right.

Senator PASTORE. There is only one question that I wanted to ask you and that is this: Is there any export business of silk?

Mr. RUBIN. Senator Pastore, it is nil—zero.

We did have some export business to some South American countries, Cuba—silk exports, I am talking about—Cuba happened to be one of the best customers for American silks, and of course that is out.

In most other countries in and around the world, we cannot compete with the same kind of goods that are being brought into this country.

May I thank this committee for inviting the American Silk Council to appear before it and for the opportunity afforded me to make this statement on its behalf?

I sincerely hope the recommendations made by the committee based on the considerations of all the testimony given here will be followed by the new administration.

Thank you.

Senator PASTORE. Thank you, very much.

Senator THURMOND. I observe in table I, under "Domestic production," 31 million square yards of pure silk produced in 1955.

Mr. RUBIN. Yes, sir.

Senator THURMOND. In 1959, that has been reduced to 26 million square yards.

Mr. RUBIN. Yes, sir.

Senator THURMOND. Then under your total imports for the year 1955 there are only 1,700 square yards, and that has jumped in 1959 to 72 million square yards.

Mr. RUBIN. Right.

Senator THURMOND. And I believe that all but 5 million of that came from Japan; is that right?

Mr. RUBIN. Yes, sir.

Senator THURMOND. So while the domestic production was going down 4 million square yards over a period of 5 years, the imports were increasing about 55 million square yards?

Mr. RUBIN. Right.

Senator THURMOND. Thank you, sir.

Mr. Phillips?

STATEMENT OF LAWRENCE S. PHILLIPS, EXECUTIVE VICE PRESIDENT, PHILLIPS-VAN HEUSEN CORP.

Mr. PHILLIPS. Senators, my name is Lawrence Phillips with the Phillips-Van Heusen Corp. I do not appear here on behalf of our corporation, though we have 13 factories in this country, 1 in Rhode Island, 5 in Pennsylvania, also in Alabama and Arkansas. I am also president of the National Association of Shirt, Pajama & Sportswear Manufacturers, and I appear in part on their behalf. This association's members produce 90 percent of the total shirts and pajamas produced in this country. Rather, I appear on behalf of the Apparel Industry Committee on Imports. This is a group which was formed recently and formed out of emergency and necessity. The group consists of the National Association of Shirt, Pajama & Sportswear Manufacturers, Corset & Brassiere Association of America, the Southern

Garment Manufacturers Association, the Associated Corset & Brassiere Manufacturers, National Association of Leather Glove Manufacturers, National Skirt & Sportswear Association, International Association of Garment Manufacturers, and Trouser Institute of America.

In addition to speaking on behalf of those members of our committee, I speak on behalf of many other trade associations and I have submitted for your record letters and telegrams addressed to myself or yourselves, Senator, from many other associations who are vitally concerned and vitally affected.

Senator PASTORE. Have those telegrams been given to us?

Mr. PHILLIPS. They have been.

Senator PASTORE. They will be inserted in the record at this point.

(The documents follow:)

THE NATIONAL ASSOCIATION OF SHIRT, PAJAMA & SPORTSWEAR MANUFACTURERS,
February 6, 1961.

Mr. LAWRENCE S. PHILLIPS,
Chairman, Apparel Industry Committee on Imports,
Washington, D.C.

DEAR MR. PHILLIPS: This letter is your authorization to represent our association at the hearing before the Pastore committee in Washington, D.C., on February 7, 1961. We are an organization of manufacturers, producing approximately 90 percent of the volume of men's shirts and pajamas in the United States, and we are being vitally affected by the importation of products from low-wage countries, requiring, therefore, legislative remedy to protect our domestic industry and wage earners. We wish to urge upon the Congress and, through you, to the committee speedy and equitable action.

Very truly yours,

M. J. LOVELL, *Director-Counsel.*

NATIONAL ASSOCIATION OF KNITTED OUTERWEAR,
February 6, 1961.

SPECIAL SUBCOMMITTEE OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO STUDY THE TEXTILE INDUSTRY,
U.S. Senate, Washington, D.C.
(Attention of Senator John O. Pastore, subcommittee chairman).

GENTLEMEN: Elsewhere in the record of the present hearings before your special subcommittee is a more extensive statement than appears here of the views of this association on the subject of this subcommittee's inquiry.

Here our intention is to offer this statement of support to the views of the Apparel Industry Committee on Imports.

The rising tide of foreign imports of sweaters and other knitted outerwear has created one of the gravest problems the industry faces. The fact that such competition is to an increasing extent arising from areas where notoriously low wages prevail jeopardizes American labor standards and the employment of the 65,000 men and women who find a livelihood at the present time in the knitted outerwear industry, and also challenges the capacity of many manufacturers to survive the market upheaval created by the influx of foreign goods. Finally, it is even a threat to those Western allies who established a place for themselves in the American market as an early result of tariff concessions, but whose goods are now being supplanted by imports from Japan, Hong Kong, and elsewhere.

In expressing our concern here in alliance with the statement of the Apparel Industry Committee on Imports, we respectfully refer the Senate subcommittee to the more extensive statement of our views appearing elsewhere in the record.

Yours very truly,

SIDNEY S. KORZENIK,
Executive Director and Counsel.

NATIONAL OUTERWEAR & SPORTSWEAR ASSOCIATION, INC.,
New York, N.Y., February 1, 1961.

Mr. LAWRENCE S. PHILLIPS,
Phillips-Van Heusen Corp.,
New York, N.Y.

DEAR LARRY: It is our understanding that you will appear as a witness on behalf of our apparel manufacturers before the subcommittee presided over by Senator Pastore on February 6 and 7, and I feel that we should give you some of our experiences in the outerwear and sportswear jacket industry with regard to the overflow of importations from the low-wage countries.

For some time now, there has been an ever-increasing flow of these imports into this country, to the severe detriment of our economy. The writer has seen jackets in chainstores in different sections of this country which were selling at retail for prices below what our domestic manufacturers could produce them for. The matter became of such importance that the writer himself made a trip to Japan and Hong Kong to see at firsthand the actuality which was unbelievable here. I might add that on the trip to Japan and Hong Kong I took with me a sample of an unlined nylon jacket, which, under the labor rates of this country, costs our manufacturers from $13.50 to $15 per dozen for cut, make, and trim. It might be no surprise to you that in factories in Hong Kong and Japan I was quoted the price of from $4 to $5.50 per dozen in different factories for cut, make, and trim. This will give you some idea of the competition we have to face on apparel coming from these areas.

There is certainly no question but that these low-wage countries are selling our American markets on a price basis that threatens to undermine our entire economy, which we, as manufacturers, have so painfully built up over many, many years. Our present rate of unemployment is the highest that it has been in many a year, and should the flow of imports from low-wage countries continue, this unemployment will grow to such a degree that it will imperil our entire workingman's economy, as well as our consumers' welfare.

Whether it be by quotas and tariffs, something must be done by the present administration to preserve the jobs of our American workers, and to keep our economy solid. I have long agitated for worldwide quotas on import items. It is not sufficient to deal with the imports from Japan at one time, Hong Kong another, and whenever other countries threaten our domestic economy. The only way, it seems to me, that this problem can be controlled is to establish a worldwide quota based upon our domestic production of the particular item, and upon examination to find out what portion of this production we can absorb by way of imports. Unless this is done, we will constantly have the problem before us, and while it is unresolved, our American workers will continue to lose jobs and our economy will be seriously threatened.

Our apparel industry is one of the largest in the country, and is by no means expendable. Our economy is dependent upon it, and without administrative or legislative action, the problem of imports from low-wage countries will continue to our great detriment.

I sincerely trust you will be effective in your testimony before the Pastore committee, so that we may, in the very near future, look forward to relief.

Sincerely yours,

JULES GOLDSTEIN.

THE ASHER CO.,
FITCHBURG, MASS., *February 1, 1961.*

Mr. LAWRENCE S. PHILLIPS,
Phillips-Van Heusen Corp.,
New York, N.Y.

DEAR LARRY: I was glad to learn that you are planning to appear before Senator Pastore's subcommittee next week. I wanted to give you our thinking on the problems facing the apparel industry in general, and trouser manufacturers in particular.

I am well aware that it is in the best interest of our Government to encourage foreign trade, and any arbitrary limitation of imports should be made only as a result of overwhelming necessity. Whenever goods are imported from other countries and can compete on an equal basis with American goods, I think it is most healthy. The ingenuity of foreign manufacturers and the creation of new styles help rather than hinder domestic industry.

However, when competition is based purely on price resulting from wage rates remote from our own, then I think a "compelling necessity" exists. For example, it would be quite possible for us to develop a line of slacks in Japan, Hong Kong, Formosa, Yugoslavia, and many other parts of the world, which in every respect would duplicate the product manufactured here. Even allowing for the various current import duties and the cost of transportation, we could undersell the domestic market by anywhere from 20 to 30 percent. You can imagine what would happen if we were to open a warehouse in New York City or other key cities, offering this type of merchandise. In short order, little would be left of the American pants industry.

The same situation, of course, is true of all other items of apparel. Products manufactured by the needle trades represent one of the few areas where labor is still a major portion of the cost. As a result, any unrestricted amount of imports from low-wage countries would in the end destroy the entire apparel industry in this country. This is too large and too important an industry to risk this type of competition.

I think it important for Congress to consider the whole problem of imports from low-wage countries, and not merely from the Far East. Naturally, there is no quick and easy solution, but it certainly would not be to the best interest of our Government to undermine one of the country's largest industries.

Best regards,

JEROME ASHER,
President, Trouser Institute of America.

Mr. LAWRENCE S. PHILLIPS,
President, National Association of Shirt, Pajama, and Sportswear Manufacturers, New York, N.Y.:

The Southern Garment Manufacturers Association, with members in 27 States, is pleased to associate itself wholeheartedly with the statement of the apparel industry committee on imports. Markets for the products manufactured by our members—operating on a 1 to 2 percent net profit basis and under extreme competitive conditions—are severely unsettled by uncontrolled substandard wage produced imports.

This is the case at the present time, when large segments of our industry, including many of our members, are operating at under capacity, with curtailed workweeks and layoffs so extreme as to be commented on by the President of the United States in his recent state of the Union message. We are gratified at the concern shown with this pressing problem by the Senate Committee on Interstate and Foreign Commerce. We hope that as a result of this investigation action in accordance with the recommendations of the apparel industry committee on imports may be taken by Congress at an early date to prevent the hardships otherwise inevitable to hundreds of thousands of employees and their families in the apparel industry.

THOMAS P. KENNEDY, JR.,
President, Southern Garment Manufacturers Association.

UNITED INFANTS' AND CHILDREN'S WEAR ASSOCIATION, INC.,
New York, N.Y., February 2, 1961.

Mr. LAWRENCE S. PHILLIPS,
Phillips-Van Heusen Corp.
New York, N.Y.

DEAR MR. PHILLIPS: The United Infants' and Children's Wear Association, a national trade association representing manufacturers of infants' and children's wear throughout the United States, urges forceful presentation of the need for relief from the importation of dresses, rompers, blouses, etc., from low-wage countries.

Manufacturers of popular-priced goods all over the country are reporting that they find it impossible to compete with this type of goods. The high labor standards which they are compelled to maintain by reason of not only union contracts but also the Federal minimum wage, which is now subject to increase, put us out of line competitively with the type of merchandise being brought in.

Unless some relief can be procured, manufacturers in this industry will find it difficult to produce popular-priced merchandise.

Please present our views to Senator Pastore at the hearings to be held in Washington on February 6 and 7.

We wish you and your committee every success.

Yours very truly,

HENRY RIEGEL, *President.*

THE HOUSE DRESS INSTITUTE,
New York, N.Y., February 2, 1961.

Mr. LAWRENCE S. PHILLIPS,
Phillips-Van Heusen Corp., New York, N.Y.

DEAR MR. PHILLIPS: In the absence of our president, Mr. S. L. Hoffman, who is out of the country at the present time, I am writing you to express the fears and apprehension of our industry and its members regarding the ever-increasing tide of cheap imports from countries with low-wage scales. Of course, our manufacturers cannot compete with this type of competition. As a result, we are experiencing a very depressed business period.

It is our firm belief that drastic protective measures must be taken at once if we are to avoid the same sad effects in the entire apparel field which have already afflicted many particular branches of the apparel industry.

Very truly yours,

MAX MILSTEIN.

THE CORSET & BRASSIERE ASSOCIATION OF AMERICA,
New York, N.Y., February 1, 1961.

Mr. LAWRENCE S. PHILLIPS,
Chairman, Apparel Industry Committee on Imports,
Phillips-Van Heusen Corp., New York, N.Y.

DEAR MR. PHILLIPS: We are gratified to learn of your scheduled appearance next week before the Special Subcommittee To Study the Textile Industry, and urge that you convey to its chairman, the Honorable John O. Pastore, the appreciation of our industry for continuing the important investigation begun in the 85th Congress.

Your participation in these hearings is particularly valuable in light of their basic purposes, namely, to determine (*a*) the extent, nature, and causes of the decline in interstate and foreign commerce in textile mill products; (*b*) the decline in employment in the textile industry; (*c*) the effects of policies and programs of the Federal Government on the industry; and (*d*) the impact of commercial policies of other nations on the industry. No solutions to the problems which investigation of these matters will disclose are possible without giving equal consideration to the closely related ills of the apparel or textile end-product industries.

Production of the domestic foundation garment industry consumed in 1959, according to the National Cotton Council, approximately 25 million pounds of cotton, represented to be about 46 percent of all fibers and materials used by the industry. Thus, it can readily be seen that its stability is of some importance to all phases of the domestic textile industry, growers, mills, processors, etc.

We are immediately concerned with the rapid growth of imports of both finished and partially finished foundation garments in recent years. As recently as 1957, the volume of imports totaled not more than 1,250,000 dozen garments, principally brassieres. Today the annual figure is approximately 2,500,000 dozen, an increase of 100 percent. If we go back just 3 years earlier, to 1954, imports were not more than 100,000 dozen or only 4 percent of what they are today. They have reached a level where they represent nearly 20 percent of domestic brassiere production.

Of total current imports, 94 percent are produced in the low-wage countries of Japan, Hong Kong, and the Philippines. These countries manufacture brassieres which are wholesaled here, after payment of transportation, duties, and profit to the importer, at $2.40 per dozen. The equivalent domestically produced garment, from which the import style and design was pirated, wholesales at $18 per dozen. The difference is simply a matter of labor cost—an average of $1.60 versus 15 cents to 20 cents per hour.

Where or when the end will be reached is anyone's guess, but certainly here is sufficient evidence of the need for adequate safeguards. Certainly neither the textile industry nor the apparel industry can long maintain employment opportunity in the face of such limitless uncontrolled foreign competition. It is urgently hoped that the administration or Congress will take prompt remedial action.

Sincerely,

JULIAN F. GROS, *President.*

NEW YORK, N.Y., *February 7, 1961.*

LAWRENCE S. PHILLIPS,
Phillips-Van Heusen Corp.,
New York, N.Y.:

The Boys' Apparel & Accessories Manufacturers Association, Inc., whose 250 member firms produce most of the boy's wear in this country hereby authorize you to represent the entire boy's wear industry in your presentation on behalf of the apparel industry committee on imports before the Pastore subcommittee.

The information you will present reveals the grievous damage being done to the American apparel industry and the necessity for steps to be taken quickly to prevent extensive loss of jobs by workers in American apparel plants, a consideration of the problem of apparel imports from low-wage countries should be based on the total imports of various items of apparel and the production of such items in the United States. Import figures representing men's and boy's wear totals do not reveal the precentage of boy's wear. There has been an alarming increase in the percentage of boy's wear being imported which is reaching disastrous levels. We are cognizant of our Nation's responsibility in world affairs and the importance of our programs for aid to backward nations; yet we hope consideration will be given to a revision of the present system of quotas which so seriously threatens the apparel industry.

LEON M. SINGER,
Executive Director and Counsel, Boy's Apparel & Accessories Manufacturers Association, New York, N.Y.

AMERICAN KNIT HANDWEAR ASSOCIATION, INC.,
Gloversville, N.Y., February 2, 1961.

Mr. LAWRENCE S. PHILLIPS,
Care of Phillips-Van Heusen Corp.,
New York, N.Y.

DEAR MR. PHILLIPS: The American knit glove industry has suffered as drastic a loss of manufacturers as almost any American industry in business today. This loss has increased almost directly in proportion with the increase of imports from low-wage-producing countries. Senator Pastore is completely familiar with our problem from past hearings of his committee.

Our wholehearted support is with you in your appearance before Senator Pastore's important Subcommittee To Investigate the Problems of the Textile Industry. We urgently request that some sort of remedial action be taken to meet this problem, either by the administration or by Congress.

Our industry's small voice so far has received no satisfaction whatsoever. Now that the entire textile industry is suffering, however, there must soon be a point reached when it becomes obvious to all that this is affecting our great country's entire economy. An answer must come now to meet this danger of imports from low-wage countries.

Very truly yours,

JOHN H. ZWICKER, *President.*

THE NATIONAL ASSOCIATION OF HOUSE AND
DAYTIME DRESS MANUFACTURERS,
New York, February 2, 1961.

MR. LAWRENCE S. PHILLIPS,
Care of Phillips-Van Heusen Corp.,
New York, N.Y.

DEAR MR. PHILLIPS: I understand that you are to appear before the Subcommittee To Investigate the Problems of the Textile Industry in Washington, D.C., beginning Tuesday next on behalf of your association and other apparel groups in connection with competition due to imports from low-wage countries.

As an association representing the principal makers of house and daytime dresses, we urge you to stress the importance of giving serious consideration to your remarks in behalf of the apparel industries as the problem in these industries is becoming more acute every day.

Some of the largest suppliers of lower priced apparel have opened offices in Hong Kong, Japan, and other foreign countries for the purpose of increasing the manufacture of cotton apparel, and I think it would be useless for me to repeat what you have probably heard a hundred times—that we cannot match their wholesale prices if we only included the labor cost of making a garment. Under these circumstances, it seems that Congress must make a decision as to whether it wants the apparel industry in this country to continue or go out of business.

We believe the hundreds of thousands of employees in this country important to our economy. We know of no program suggested to meet this problem except that of serious quota limitations on the quantities presently imported. Recent suggestions made to the President on retraining employees to work in other industries and such other panacea are too ridiculous to be given serious consideration at this moment. We must either give our industries protection or decide to close them up and we must try to obtain all the assistance we can at this critical moment.

Very truly yours,

JOSEPH P. ARCUNI, *President.*

NEW YORK, N.Y., *January 31, 1961.*

LAURENCE S. PHILLIPS,
Phillips-Van Heusen Corp.,
New York, N.Y.:

Imperative action be taken to halt imports that are drastically affecting domestic production in sportswear and disturbing overall economy in our field.

ELI ELIAS,
President, National Shirt & Sportswear Association, Inc.

Mr. PHILLIPS. I will not, of course, read these communications, but I would like to make an observation about them. Each one phrases in a different way the problem as it affects them. I believe there are 13 here. You see in these 13 organizations a representation from thousands of manufacturers, from many thousands of factories, from millions of employees—all saying the same thing in different words. The telegrams, in addition to those that come from the members of our association, also come from the National United Outerwear Association, the Boys' Apparel and Accessories Manufacturers, National Outerwear & Sportswear Association, the United Infants' & Children's Wear Association, the National Association of

House & Daytime Dress Manufacturers, the American Handknitwear Association, and the House Dress Institute.

I would like to say at this time that there have been many references made to what the problem is. Most of the witnesses before you have spoken about the textile industry. I would like to state, as best I can, that we consider the textile industry most importantly to include apparel manufacturers. It is a commonly held belief that the amount of yardage coming into this country, being imported into this country, in the form of apparel, is twice the amount of yardage that is coming in in the form of piece goods. Therefore, and I think it follows, and it is commonly acknowledged, leaders in the textile industry, piece goods industry, are twice as concerned about apparel imports as they are about their own problem, as you can well see. They have completely lost the entirety of this production which they would have had: this is business they would have had, had these garments been made domestically.

At your previous hearings, 2 years ago, Senator, the subject of apparel was not introduced; as I understand it, it was not within the province of your committee at that time.

I am very pleased to have an opportunity on behalf of the apparel industry to discusss this subject now.

I will propose to demonstrate that during the past 3 years one small area alone, namely, Hong Kong, has stepped into the garment-producing business and has already walked away with a gigantic share of the U.S. market. Even Japan, which has no cause for complaint, is complaining. This has caused tremendous unemployment and threatens to cause more in the next few years. These last 3 years have witnessed an almost unbelievable upturn in imports and I propose to address myself to an analysis of these imports, citing the danger that faces the domestic apparel industry.

Unlike most other segments of our economy, the garment producers are almost entirely affected by only one area of competition. That area is the low-wage countries in the Far East and, more specifically, Japan and Hong Kong.

In my own industry almost all of the imports came from these two areas. In 1958, 99.5 percent of the imports came from these two areas, and in 1959, the figure is 99.6 percent.

The position of apparel manufacturers is rather unique and different from many other industries in this country. Labor represents a large percentage of total product cost. The nature of apparel manufacturing is one that frustrates attempts at automation and mechanization which might substantially alter the total labor cost. Because our industry does not have the ability to have competitive advantages due to mechanization and because of the stable nature of most apparel production, it is evident that our industry is more vulnerable than any other to competition from low-wage areas. When our industry suffers from excessive imports, it is not machines that are idle, it is people.

The basic fear that hangs like a guillotine over the heads of domestic apparel producers is the potential further expansion of imports. We have witnessed 3 short years of unbelievable inroads made by Hong Kong, and we have great fears that what has happened in Hong Kong can easily be duplicated in many other areas; for example: South

Korea, Taiwan, India, Pakistan, and maybe someday even Communist China, where there is no price on labor.

There are numerous reports and rumors that preparations are being made in some or all of these countries to dip into the gravy bowl of the American market. They are already soliciting business in the United States. For example, and I have submitted this to you, an ad appeared in one of our trade papers, by a company in India, soliciting manufacturers of brassieres, children's garments, and swim suits to open up businesses in India.

Our industry represents to them a standing clay pigeon with a high minimum wage as compared to their wage structures and, therefore, an easy target. The comparison is sharp.

The basic skills and dexterity of the Asians encourage them further to explore ways to tap the American market.

I would like now to present a series of figures and to document the astronomical rise of imported garments from Japan and Hong Kong, but more particularly Hong Kong, which is completely uncontrolled in terms of export limitations. I cite this only as an example because of our fear there can be half a dozen or a dozen Hong Kongs in a very short period of time.

First, let me trace the total imports for the years 1958 through 1960. This will be done by taking all the available figures in the six major categories itemized by the Bureau of the Census of the U.S. Department of Commerce. There are many, many more industries whose figures are not compiled. These figures apply to cotton only and there are many, many blends and synthetics and these figures do not include them.

If I can just take the simple set of statistics from just these six apparel categories, I think it becomes most interesting.

I would like to cite that for 1960, the figures were not available through the year. Therefore, I have taken the first 6-month figures and annualized them in order to arrive at a 1960 estimate.

If I may refer now to the exhibit, exhibit C, I would like to run through these industries and show you what has happened. I have then translated this into dollars, earnings, and people, to show you the tremendous amount of potential employment and earnings that could have and should have belonged to American workers in the domestic apparel industry.

This report also indicates the number of factories that have been lost to American industry, or are now standing idle.

During 3 years, the total imports in just these 6 categories have risen from 8 million dozen to 14 million dozen. When other low-wage countries begin exporting these garments these figures could increase at a geometrical rate, but even assuming an arithmetical increase, it follows that by 1965, additional 10 million dozen will be imported so that the figure would then be 25 million dozen.

We submit that the peculiar and vulnerable nature of the textile and textile products industry calls for certain safeguards not necessarily required by other industries.

It is our belief that unless safeguards are instituted the American textile and textile products industries will stagnate; that expenditures for new plants and equipment will cease and that more serious unemployment will result.

Millions of workers are involved and we submit very simply that we don't want to be considered expendable.

The apparel industry is fully aware of the importance of foreign trade to the American economy as a whole. We are not suggesting that imports of garments be stopped. But there is a new factor in world trade: The great disparity between the wages of American workers and their foreign competitiors and the tendency of this gap to widen.

We are not presumptuous enough to suggest a proper cure, but would urge you to give serious consideration to some sort of total product-by-product worldwide quota based upon the imports during some pre-1957 period.

Senator PASTORE. Mr. Phillips, how much of an export business is there in apparel?

Mr. PHILLIPS. There is, for the same reasons that have been cited by the previous speakers, almost no export business in American apparel.

Senator PASTORE. We are talking about shirts now and these other items?

Mr. PHILLIPS. I think I could probably in this instance generalize and talk about all apparel manufacturers. There was a business which was done in Cuba and Central and South America, which business has largely been blocked off for a number of reasons, namely their own protection. Today, there is a minuscule amount of exports from this country in any of the categories.

Senator PASTORE. Do we have any statistical data on that? Could you furnish that to the committee? Do you think you could?

Mr. PHILLIPS. I will attempt to, sir. I do not have it available.

Senator PASTORE. We will keep the record open a reasonable time for that purpose, and I would hope that you could give them to Mr. Miernyk, if you could get them. In other words, what we are trying to develop in this record, so that it will be clear, the purpose for it, and I have already said this several times before, it is this constant argument that we hear about: It may be true that our imports are going up, but so are our exports going up, and we are exporting more than we import. I think the phrase that is being used is that we have a satisfactory balance in our favor.

Now, in the textile industry, the development here has been that that is not true. And I am trying to develop this also in the apparel industry as well as we are doing it in the textile industry.

In other words, statistically as you have given it to us, the statistics of what has happened to the imports—I would like to see the statistics as to what has happened to the exports in your same line of endeavor.

Mr. PHILLIPS. I think I would be very conservative in saying I doubt very much if the exports are 5 percent of the imports.

If I can just refer to a couple of major categories, you will note blouses, et cetera, jumping from 3 million dozen to 5,800,000 dozen, in this short period of time; shirts and sport shirts go from 1,400,000 to 1,800,000; brassieres going from 1,181,000 to 1,500,000; trousers going from 1,700,000—these are all dozens—to 4,400,000.

Tee shirts, 384,000 to 500,000. Gloves—totals are for just those six categories—go in dozens from 8¼ million to 14¾ million.

The translation of this in terms of people is something that is staggering, and yet this only represents a very small segment of the total.

Our calculations, based upon the best available statistics, are that the number of people unemployed, disemployed in 1958, when there was 8¼ million dozen coming in, was 18,000 people, which figuring 250 people per factory, amounted to 76 factories.

In 1960, this figure has risen to 31,800, now 127, and there is no reason to believe that these figures will not continue at the rates they are currently going at.

I would like, if I may, to cite one additional piece of information, because this is just a small part of what is available. The other categories which are kept by the Bureau of the Census indicate that this is rampant in every field of apparel. If I can take a general category they have, in addition to the ones I have cited of miscellaneous garment manufacturers, these have risen in dollars from 5½ to 7 million.

Other apparel, woven, expressed in pounds, has risen from 6½ million in 1958 to 15 million in 1960.

Other apparel, knits, also expressed in pounds, has risen from 2 million pounds in 1958 to 5,200,000 in 1960.

The statistics in terms of dollars that are available to you, I will not go through it now, of value of the imports today, is approaching $400 million. The amount of lost payroll is already, in just those six categories, $100 million. And all of the side benefits, the suppliers of trimmings, threads, labels, everything else, have been adversely affected, and this is just a piece, a small piece of the problem.

We ask urgent consideration for this problem and very seriously ask that in all definitions of the textile industry, that it be understood that apparel manufacturers are a most important part of this industry and this will be borne out by textile mills as well as manufacturers.

Senator PASTORE. Thank you very much, sir.

Mr. PHILLIPS. Thank you.

(The exhibits referred to follow:)

EXHIBIT A

Blouse, blouse and skirt sets, and blouse and short sets, etc.

[Dozens—Cotton only]

	Japan	Hong Kong	Total
1958	2,135,000	935,000	3,070,000
1959	2,127,000	1,971,000	4,098,000
1960	2,518,000	3,346,000	5,864,000

Men's and boys' sport, dress, and work shirts

[Dozens—Cotton only]

	Japan	Hong Kong	Total
1958	951,000	521,000	1,472,000
1959	1,020,000	1,177,000	2,197,000
1960	940,000	936,000	1,876,000

Brassieres, etc.

[Dozens—Cotton only]

	Japan	Hong Kong	Total
1958	647,000	534,000	1,181,000
1959	519,000	1,285,000	1,804,000
1960	400,000	1,070,000	1,470,000

Trousers and walk shorts

[Dozens—cotton only]

	Japan	Hong Kong	Total
1958	720,000	986,000	1,706,000
1959	861,000	2,192,000	3,053,000
1960	582,000	3,846,000	4,428,000

Tee shirts

[Dozens—cotton only]

	Japan	Hong Kong	Total
1958	278,000	70,000	348,000
1959	237,000	48,000	285,000
1960	146,000	378,000	524,000

Gloves

[Dozens—cotton only]

	Japan	Hong Kong	Total
1958	381,000	130,000	511,000
1959	453,000	115,000	568,000
1960	440,000	184,000	624,000

Source: Bureau of the Census, U.S. Department of Commerce.

EXHIBIT B

The foregoing statistics contain variations by product, and it is not until they are totaled and compiled that the true picture is seen of what has happened in total since 1958.

Here are the totals:

Total all 6 categories

[Dozens—cotton only]

	Japan	Hong Kong	Total
1958	5,112,000	3,176,000	8,288,000
1959	5,217,000	6,788,000	12,005,000
1960	5,026,000	9,760,000	14,786,000

Source: Bureau of the Census, U.S. Department of Commerce.

EXHIBIT C

Analysis of effect of imports, 1958 through 1960

	1958	1959	1960
Dozens imported from Japan and Hong Kong	8,288,000	12,005,000	14,786,000
Units	99,456,000	144,060,000	177,432,000
Direct labor man-hours lost	28,427,840	41,177,150	50,715,980
Direct labor man-days lost	3,553,480	5,147,144	6,339,498
Resultant direct labor disemployed [1]	14,214	20,589	23,358
Resultant indirect labor disemployed [2]	4,738	6,862	8,452
Total, disemployment	18,952	27,451	33,810
Lost direct labor payroll [3]	$34,113,408	$49,412,580	$60,859,176
Lost indirect labor payroll [4]	$18,952,000	$27,448,000	$33,808,000
Total payroll lost	$53,065,408	$76,860,580	$94,667,176
Wholesale value of import [5]	$207,200,000	$300,125,000	$369,650,000
Equivalent factories lost [6]	76	110	135

[1] Assuming 50 weeks per year production at 250 man-days per employee.
[2] Calculated at 1 indirect to 3 direct.
[3] Based on $1.20 per hour.
[4] Calculated at $2 per hour or $80 per week or $4,000 per year.
[5] Calculating average domestic wholesale price of $25 per dozen.
[6] Average 250 employees per factory.

The Bureau of the Census, U.S. Department of Commerce, has kept additional statistics of imports not included in any of the preceding calculations. These three classifications add corrobation to the startling rise of imports.

Miscellaneous cotton manufactures

[Dollars]

	Japan	Hong Kong	Total
1958	5,215,000	362,000	5,577,000
1959	5,932,000	323,000	6,255,000
1960	6,636,000	428,000	7,064,000

Other apparel, woven

[Expressed in pounds—cotton only]

	Japan	Hong Kong	Total
1958	4,789,000	1,697,000	6,486,000
1959	6,615,000	7,854,000	14,469,000
1960	5,720,000	9,212,000	14,932,000

Other apparel, knit

[Expressed in pounds—cotton only]

	Japan	Hong Kong	Total
1958	1,970,000	83,000	2,053,000
1959	2,670,000	733,000	3,403,000
1960	2,724,000	2,476,000	5,200,000

Source: Bureau of the Census, U.S. Department of Commerce.

M. DURSIN & SONS, INC.,
Woonsocket, R.I., January 31, 1961.

Senator JOHN O. PASTORE,
Senate Office Building, Washington, D.C.

DEAR SENATOR: I appreciate your interest and the opportunity to express my views on the textile situation.

Briefly, my story is this: Born in Woonsocket, R.I., 1909; graduated from high school, 1925; attended Rhode Island School of Design, textile department, days, 1925: 1 year; attended Rhode Island School of Design, textile department, nights, 1926–27, 2 years. First job, apprentice at the Lafayette Worsted Co., in 1926, this company employed 750 persons. After two of apprenticeship, I started selling in 1928 for this same company. I attended night extension courses at Brown University during 5 years. I became manager of the Argonne Worsted Co. in 1936 until 1959, when due to foreign imports this concern cut back their production by 50 percent. Today, I own and operate a small worsted top dyeing company and employ 40 persons.

When I was a yarn salesman, I covered all of Rhode Island and allow me to list some of the textile mills that I called on, that are no longer in business in Rhode Island today:

Crompton Richmond Mills, Atlantic, Lorraine, Greenwich, Hamlet, Jenks, Goff, Wanskuck, Joseph Benn, Esmond, American Woolen, Centerdale, Hazard, Prendergast, W & K, Perseverance, Lexington, Uxbridge, Lafayette, Verdun, Dunn, Guerin, Desurmont, Sidney, Rathbun, Lippitt, Woonsocket Falls, R. I. Plush, New England Hosiery, Samoset, Hope Webbing, Belmont, Lumb, Nyanza, Bernon, Premier, J. F. Dunn, Lymansville, Waypoysett, Pocassett, Manville Jencks, and others that escape me at this time. Even the Rhode Island School has closed its textile school.

I have attended at least 12 different meetings in Washington, and every time we returned with nothing. Meanwhile, over half of the industry has disappeared and more and more foreign goods are coming in—coats, suits, dresses, cloth, yarns, tops, knitted goods of all kinds are pouring in from everywhere.

With approximately half of the industry out of business, plus the increase in population, one would think that the remaining industry would be flooded with orders. Please be assured that this is not the case.

In order to meet their competition, many buyers purchase the bulk of their requirements from foreign suppliers and fill in the balance of their requirements by placing orders with domestic mills, mostly for prompt or nearby deliveries.

We are becoming a marginal industry, our bread and butter business is disappearing fast.

At the hearing that I attended in Washington about 2 years ago (an ODM hearing), the U.S. manufacturers were greatly outnumbered by representatives of foreign governments and importers of foreign merchandise, and I suspect that the odds will be even greater at this time, because some of the U.S. manufacturers that were there 2 years ago are no longer in business and there are more importers than there were 2 years ago.

It's a crying shame to have been subjected to this terribly unfair competition by acts of our Government. We do employ U.S. citizens in our plants. We do pay taxes and please remember that the United States is our only possible market.

I hope and pray that someday soon someone will discover that productive jobs are the backbone of our industrial communities. My father came here in 1899 along with other manufacturers to set up textile plants because high tariffs had bene imposed on textiles. He helped to set up the Lafayette Worsted Co. and this company has paid wages for over 100 million hours of employment. Now they are gone and no one did a blessed thing about it except to hold more hearings.

Please forgive my temper, but please believe that from where I stand, it's very exasperating and seems most unfair.

I appreciate the time and effort that you and your committee have devoted to this problem. I hope that you will be able to convince Congress of the unfair competition we have been subjected to.

Respectfully submitted.

MARCEL M. DURSIN.

Senator PASTORE. I know there is another man who had to make a 3:30 plane. Who is it? Step forward, sir.

STATEMENT OF GREGORY SHLOMM, PRESIDENT, WOONSOCKET SPINNING CO., WOONSOCKET, R.I.; ATLANTIC WOOL COMBING CO., MANVILLE, R.I.; AMICALE YARNS, INC., NEW YORK, N.Y.

Mr. SHLOMM. I refer to the testimony of William I. Kent, director and former president of the National Association of Wool Manufacturers, who testified on February 6 for the association as a whole.

I am gratified that Mr. Kent mentioned also the plight of the cashmere industry specifically. This was caused by, first, the duty increase on Iranian cashmere and, secondly, the inequity of its position versus its foreign competitors because it is deprived of free access to the same raw materials which are coming into the United States in ever-increasing quantities in the form of yarn, cloth, and sweaters.

The details are contained in the brief which has been sent to Senator John O. Pastore and to Dr. William H. Miernyk. I sincerely hope that, with the new administration, logic will prevail at the Government level and that U.S. manufacturers will be permitted at least to have the same privileges as foreign manufacturers, by being able to buy raw material wherever it is available at the lowest prices.

Senator Pastore, you are very well acquainted with the situation from the 1958 testimony, and notwithstanding our endeavor to obtain some kind of relief from the foreign assets control regulations we filed in our apprach. The situation has deteriorated since through the increased imports, particularly I am talking now from the point of view of woolen spinning industry, which has been faced with tremendous imports, not only of the finished products, such as sweaters, cloths, et cetera, but also from the point of view of import of yarns.

These yarns in the last 2 years have been imported to the United States on a very substantial basis.

I am not reading you the testimony I had prepared. I am talking now off the cuff because all the details are given in my testimony to your committee. The main things which I want to point out to you—we don't see why American manufacturers are deprived of the possibility to buy their raw materials wherever it is available at the lowest possible price.

If the products made out of cashmere, which originates in China, in Russia, in Iran, are coming into this country without any discrimination whatsoever, I don't see the reason why we American manufacturers cannot be permitted to import these raw materials on the same level as our foreign competitors.

The case I want to cite primarily is that the Japanese who do not have any trade relations with China at all are still permitted to buy their raw material, whatever they can get, primarily in Western Europe, England, France, Belgium, et cetera, imported into Japan from Europe, and converted into yarn and manufactured goods, and they export these types of goods into the United States, while we American manufacturers can just look at it and wonder why.

Senator PASTORE. Well, of course, I think myself that this presents the knottiest problem of all. What you are saying is that you ought to be permitted to buy your raw materials from Red China.

Mr. SHLOMM. No; I want to be put at the same level as the Japanese.

Senator PASTORE. In what way? You would not want to be restricted, let's say, of buying Chinese raw cashmere out of some other country in Western Europe?

Mr. SHLOMM. Right; even we are prepared to bring it in in some kind of a processed form, if the importation of original bare——

Senator PASTORE. So that we can get this in the proper perspective. You are saying, now, that England can buy raw cashmere from China and make it into a sweater.

Mr. SHLOMM. Over into yarn.

Senator PASTORE. And sell it to the United States and you can buy that sweater here?

Mr. SHLOMM. Right.

Senator PASTORE. But you could not go to London and buy the raw cashmere only, because it happens to come from China. You can buy the made sweater——

Mr. SHLOMM. Not only sweaters, Senator, the yarn; we are primarily interested in keeping up our mill in Woonsocket.

Senator PASTORE. The yarn is now in between?

Mr. SHLOMM. The yarn is semimanufactured. It is even worse than the sweater.

Senator PASTORE. You can buy that?

Mr. SHLOMM. We can buy that anywhere else in the world.

Senator PASTORE. You mean that the minute that they change the original characteristic in any detail, then you can buy it?

Mr. SHLOMM. Yes, sir. We are willing to buy the raw material in some kind of a converted form even, let the English or French or even the Japanese rebail the raw material, and send it to us in this rebailed form, but let us be on the same level as our foreign competitor.

Senator PASTORE. In other words, you are not saying that you want to do business with the Red Chinese.

Mr. SHLOMM. Not at all.

Senator PASTORE. But if that product happens to be, let's say, in London, you feel that you ought to go in the London market and buy it?

Mr. SHLOMM. If it is convenient and priced right, yes.

Senator PASTORE. Has any reason ever been given to you as to why this is not permitted? I mean, do they feel this would lead into a subterfuge that indirectly it would be doing business with China at any rate?

Mr. SHLOMM. No.

Senator PASTORE. Have any reasons ever been given to you?

Mr. SHLOMM. No, sir.

Senator PASTORE. I notice that your assistants are getting a little fidgety there. Can you answer that qustion?

Mr. WOLF. My name is William Wolf, Jr., of the law firm of Wolf & Wolf. I am Washington counsel for Mr. Shlomm's company. We have been for many years.

Since the significant date in the Chinese embargo is December 17, 1950, as I recall, when the Chinese crossed the Yalu, we have been endeavoring to get to the bottom of the Government's thinking on this program. Reasons have been given quite frankly by Government officials, executive department officials, concerning enforcing foreign assets control regulations. They realize there is a significant anomaly

and are only able to shrug their shoulders when we question the fairness of it between the fact that we cannot buy Chinese merchandise directly or indirectly unless and until something has been done to it in another country, where it is considered to be our policy to help the third country, for instance, the Scottish Mills of England, by buying.

Now the Treasury Department, in fending off our inquiries in the deeper logic of all this, or illogic of all this, has referred us to the State Department. I am convinced after some 10 years of discussions, getting nowhere in this area, that there is a State Department policy that reads like this, it may or may not make sense and I understand and appreciate the extent to balance here, but it reads like this: We will not let you deal directly with China. This is in contradiction of the Executive order of 1950, Trading With the Enemy Act and spirit of our embargo. However, to enforce our embargo in an effective manner, to keep American exchange directly or indirectly out of the hands of the Red Chinese, would work a hardship on friendly textile people in friendly countries, so that we are going to strike a middle course and deny you the right to buy this merchandise until a friendly country has processed it, even though you have facilities in the United States, and you have employment availabilities, you have jobs in the United States, and workers, and machinery who are able to do this and effectively diminish the amount of foreign exchange leaving the United States.

I would like to be clear on that. I think it is important it has not been publicized; it has not been stressed until President Eisenhower ordered the service people to come home. Everybody is now talking about balance of payments. If a certain amount of money is paid to the Chinese for cashmere by British or Swiss or Belgian interests, and the cashmere is taken into the buying country and processed, and then sold to the United States, the American importers of those finished goods from yarn on up are paying a certain amount of dollars, which is far in excess of what the American importers would be paying were we to import Chinese raw material, which has been rebailed, for instance, in England.

I hope I am making my point.

Senator PASTORE. I get your point, but the other one is even more dramatic.

Mr. WOLF. The other one is a more delicate matter of foreign affairs. That is the best answer I can give you because it is the best answer given to us, to be logical, to make the Chinese embargo stick, we would have to proscribe Chinese cashmere in any form.

I think personally after many explanations with responsible Government people who have not said this to me because I don't think they could, I think that they don't think it makes a great deal of sense. I don't think that they think in this area of cashmere, of exotic fibers, that the embargo is meaningful to the folks who enforce it, because Chinese cashmere production is converted to Scotland, to Belgium, to Switzerland and through those countries to Japan and made into sweaters and brought into the United States.

I don't think from my inquiries and explanations that a significant number of pounds of cashmere is affected one way or the other. Chinese cashmere supply, I am advised by my client, is almost every year

immediately absorbed into the market. The European countries and Japan buy it and process it and sell it almost exclusively to the United States which is the luxury market for this merchandise.

So our embargo becomes a meaningless proposition in this area, but the explanation is as I have said.

Senator PASTORE. But you have presented this case before the authorities here in Washington.

Mr. WOLF. Well, I can't say we have. We have tried to. Treasury Department officials take the position that under the Trading With the Enemy Act and the Executive order, which instituted the embargo on Chinese goods, they have no authority whatsoever to change the policy on the dealing in Chinese cashmere direct or indirect—that is, the Chinese raw—and that any policy decisions to be made will have to be made in the State Department.

Now I presume by this they mean—we have chased it to the State Department and it becomes Robin Hood's barn—I presume they mean that in their estimation further Executive order would be required in order to inject logic.

Senator PASTORE. You see, you are reasoning a problem now that goes beyond the province of this committee. You are actually getting yourself into an area of foreign affairs.

Mr. WOLF. We have been there a long time, sir. I recognize that, but you inquired of me as to an explanation——

Senator PASTORE. I mean, I am just thinking out loud, so to speak, because I realize the problem that confronts you. This goes beyond the textile industry as such. What you are raising here is a point that you have a lot of Americans walking around with cashmere sweaters on their backs that are made of Red Chinese cashmere. The only trouble is that it was manufactured in another country.

Mr. WOLF. Correct.

Senator PASTORE. And that you could not go to the same country that manufactured that and buy any of the cashmere in its original raw state because the Government says this is doing business with Red China. But yet when you buy the sweater that is already made up, you are not doing business with Red China. Isn't that the argument you are raising?

Mr. WOLF. Yes.

Senator PASTORE. You have taken it up with the Treasury Department, and they said you must go to the State Department, and I think they are right, because this does involve a question of recognization of Red China, and doing business with Red China, you see; whether it is remote or intimate or close, it involves the question.

Mr. WOLF. So does the purchase of the sweater.

Senator PASTORE. So does the purchase of the sweater.

Mr. SHLOMM. We are requesting equality. If that is the policy of the United States, we will abide by it.

Senator PASTORE. If that is what?

Mr. SHLOMM. If that is the policy of the United States——

Senator PASTORE. You see, you are getting into the question of foreign policy. Myself, if I were you, I would refer this matter to the proper committee. I would refer this matter somehow to—and consult—to take this matter up with the Foreign Relations Committee of either the Senate or the House, because fundamentally, what you

have here is a foreign policy question, more than you have a textile question.

I realize that in a way it does affect what we are trying to investigate here, but the question fundamentally is foreign policy. Just where do you start and where do you end? Where do you begin to do business with Red China, and how much do you help Red China in gathering credit throughout the world that will help her economically and militarywise to build herself up into greater stature?

Do you do it when you buy the raw silk in its raw state, or do you do it when you buy the sweater that has the raw silk in it, but the sweater was made someplace else?

Do I make my position clear?

Mr. WOLF. That is one side of the coin, sir. May I submit that we recognize that we are in a foreign affairs area and somewhat beyond the purview of this committee with that approach.

The other side of the coin, again seeking equality of treatment—the other side of the coin is that if this committee deems it appropriate to explore the proscriptions or restriction of the importation of the finished cashmere goods from friendly countries, and I think that certainly is within the purview of what I have heard this morning——

Senator PASTORE. Not for the reasons you are talking about. You see, that would come really under the garment section.

Mr. SHLOMM. Yarn.

Senator PASTORE. It would never come under the grounds as to whether we are manufacturing cashmere sweaters here, and we are manufacturing enough of them, so why do we have to have any more come in. It is a different level.

Mr. SHLOMM. We are yarn spinners. For your information——

Senator PASTORE. You remember, Mr. Shlomm, when this came to our attention last time, this committee took no sides in its recommendations. We merely suggested that the Treasury Department review it.

Mr. SHLOMM. Right.

Senator PASTORE. The Treasury Department has reviewed it and rendered an adverse decision. But you go on to explain it that privately you have been told that this is primarily a question that belongs in the State Department. It is a foreign relations question. There is no question about it.

I think it would be sooner resolved that way. As a matter of fact, if a decision were rendered on this by the Foreign Relations Committee and reported to the Senate or to the House, it would carry a great deal more weight than if we handle it under the purview of this Subcommittee on Textiles.

Mr. SHLOMM. Why——

Senator PASTORE. This goes even beyond cashmere. I would assume there are other materials that fall in the same category.

Mr. SHLOMM. I will state you the fact of brushes. Brushes have been completely prohibited from importation into U.S. territory for the same reason. Why not cashmere products? What difference does it make between brushes made in England with Chinese bristles and the sweaters or yarn spun in Japan out of Chinese cashmere?

Senator PASTORE. The manufacturers in the United States of America of the bristles may be in the same position that you are in.

Mr. SHLOMM. At least the Government has given him an equality. They forbid the importation of brushes.

Senator PASTORE. Because it has the Chinese bristles.

Mr. SHLOMM. Right. Why doesn't the Government forbid the importation of yarns, sweaters, and cloth in order to alleviate our position? If we can spin 2½ million pounds of yarns in the Woonsocket Spinning Co., we could assure the employment of all our people all the way through, all year round.

Here we have been closed down for about 4 months, and we see the yarns coming into the United States on a more increased basis.

Senator PASTORE. You make a very cogent, a very pointed, a very wise, a very powerful argument, but I repeat again, it is a question that involves foreign relations and we will take it under advisement. But I would pursue it very much in that direction.

Mr. SHLOMM. Thank you, Senator.

Senator PASTORE. I think myself, if it is going to be resolved, I think it will have to be resolved on how it affects our foreign relations.

Mr. SHLOMM. You would suggest we should go there also?

Senator PASTORE. My personal opinion would be that is where it should be pursued. You would get a definitive answer. I am not saying it should be one way or the other. I am saying that is where it belongs for judgment.

Mr. SHLOMM. Thank you.

PRESENTATION BY GREGORY SHLOMM, PRESIDENT, WOONSOCKET SPINNING CO., WOONSOCKET, R.I.; ATLANTIC WOOL COMBING CO., MANVILLE, R.I.; AMICALE TRADING CO., INC., NEW YORK, N.Y.; AND AMICALE YARNS, INC., NEW YORK, N.Y.

Our firm is one of the largest cashmere dehairers and yarn spinners in the United States and supplies cashmere yarn spun in our own mill in Woonsocket, R.I., to sweater and cloth manufacturers. We also supply dehaired cashmere to the integrated mills which have their own spinning, weaving, and finishing plants.

Although we did not attend the 1958 hearings, our statement on conditions in the cashmere spinning industry appeared in the appendix of the committee's published report. Today we will discuss the current situation in the industry, not only from the viewpoint of the spinner, but also of the dehairer. As a matter of fact, every segment of our cashmere industry suffers from foreign competition and our disadvantageous position can be mainly attributed to inequitable U.S. regulations governing the import of cashmere and cashmere products.

Just a brief review of the characteristics of this specialty fiber may be helpful. Most of the fine cashmere is produced in Communist China and Outer Mongolia (U.S.S.R.) where it is taken from the goat, baled and exported in raw form. Before it can be utilized, raw cashmere must be put through a scouring process to eliminate dirt, grease, sand, etc. Then it is subjected to a second preparatory process known either as dehairing or combing, depending upon the method used. The process itself varies with each individual dehairer and is a closely guarded secret.

The Foreign Assets Control regulations are a matter of record and will not be elaborated upon here. Application of these regulations to cashmere has produced the following results: While raw cashmere, rebaled cashmere, scoured cashmere, and dehaired cashmere of Chinese origin are denied entry into the United States, semifinished and finished goods made out of Chinese cashmere, such as yarns, sweaters, and cloth, come in freely.

Since 1958 the importation of cashmere products into the United States from abroad has continued to increase along the lines previously indicated. The finer Chinese cashmere is now completely unavailable to American dehairing

and spinning mills and Outer Mongolian cashmere is available only at prices which are not competitive with those at which foreign producers are able to acquire the finer Chinese cashmere. Several American industries are adversely affected by their inability to secure adequate supplies of superior cashmere. Because American manufacturers, including dehairers and yarn spinners, are not provided with adequate supplies of fine cashmere at competitive prices, they are losing a large volume of sales and potential employment to foreign competition.

The United Kingdom, Belgium, France, Western Germany, Switzerland, and other countries outside the Soviet bloc have imposed no restrictions upon the purchase of Chinese cashmere by their nationals. Such nationals have continued to buy Chinese cashmere freely.

Firms in the countries referred to are willing to sell a part of their Chinese cashmere stocks to users in the United States and none of the countries referred to proscribes in any way the sale of Chinese cashmere in any form to the United States.

On the other hand, since 1958 Japan has adopted a slightly different policy. Japan does not now entertain trade relations with Communist China. However, Japan permits its importers, dehairers, and spinners to purchase raw Chinese cashmere in the open market. This generally means from British, French, and Belgian firms. Exporters in these countries ship raw cashmere to Japan, thus enabling the Japanese to avail themselves of the Chinese raw material which they convert first into yarn and then into sweaters or cloth. These products are subsequently shipped to the U.S. market where they undersell the domestic garments made out of the higher-priced Mongolian cashmere. These Japanese exports of yarn and sweaters are substantial and create serious problems for our domestic manufacturers.

Under present Treasury (Foreign Assets Control) regulations, U.S. firms are now limited in their purchases to Outer Mongolian (Russian) cashmere. Iranian cashmere is also legally available, though not comparable in quality to the cashmere of China or Outer Mongolia. The Russians, recognizing their virtual monopoly over American sources of cashmere supply, have sold cashmere during the past 2 years at prices as high as $4.50, versus a price of $2.50 in 1957. The Russians are now offering cashmere at $3.50, which on the surface indicates a downward trend. However, when compared to the prices obtained by the Chinese for their raw material, the Russian prices are still way out of line. For instance, the Chinese are offering their super white cashmere at $3, while the Russians are asking $3.50. The price differential is even wider than it seems, for the Chinese grade contains 100 percent super white, while the Russian standard contains only 20 percent super white and 80 percent of inferior colors. By not being able to compete in the world market for all available cashmere, the American industry is obviously at a distinct disadvantage.

Despite the fact that Iranian cashmere is not comparable to Russian or Chinese cashmere, it is in demand in the United States at a price of $2.20 per pound as compared to $1.65 per pound 4 years ago. The Chinese brown cashmere, far superior to the Iranian brown, is offered at $2.10 today. Furthermore, another factor has entered the Iranian cashmere picture. As a result of the termination of the trade pact between Iran and the United States, the tariff on Iranian cashmere was increased by 16 cents on the clean content. Duty on imports of dehaired Iranian cashmere works out at approximately 58 cents per dehaired pound, while the duty on raw Iranian cashmere is now about 60 cents per dehaired pound. The domestic producer is thus not being protected at all against the differential in labor costs for dehairing abroad and domestic labor costs. The present tariff on Iranian cashmere thus encourages imports of dehaired Iranian cashmere and opens up a new—and definitely unwelcome—source of foreign competition.

The need for changing Foreign Assets Control regulations is greater than ever; time has merely aggravated the situation.

The regulations have not had the effect of stopping the sale of Chinese cashmere and of thereby depriving Communist China of needed foreign exchange. A free world market has continued in cashmere and no country engaged in stopping Red Chinese aggression, other than the United States, has restricted its nationals in the purchase of Chinese cashmere. Accordingly, the entire Chinese production has found a ready market.

While the regulations have stopped the importation of Chinese cashmere, they have not stopped the importation of products of Chinese cashmere. In fact, the direct effect of the regulations has been to accelerate the importation into the United Stats of yarn, cloth, and knitted goods made of Chinese cashmere. Such

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imports have created a substantial intake of dollars for the exporting countries; in fact, more dollars than if the imports were of raw, rebaled or scoured cashmere, because the finished products are obviously more expensive than the raw materials. Greatly increased sales to the United States of yarns, cloth, and knitted goods made of Chinese cashmere in turn support greater purchases of the cashmere by the countries exporting to the United States. Thus the United States is indirectly supplying Communist China with foreign exchange.

Present Treasury policies not only threaten existing domestic markets of American firms, but deprive them of the opportunity for expansion.

In order to equalize the competitive position of American firms with that of European and Japanese dehairers and spinners, we request permission to import raw cashmere, regardless of origin, from the United Kingdom, Western European countries, and Japan, where it can be shown that the raw cashmere was actually imported into their territory, sold and physically shipped to the United States in the same form as originally imported. If this is not possible, then U.S. firms should at least be permitted to import this cashmere in rebaled (repacked) or scoured form.

We have shown that existing regulations are inconsistent, that on the one hand the Government prohibits the importation of the Chinese raw material, and on the other, permits the entry of semimanufactured and manufactured goods made out of that same raw material in countries other than the United States. Our plea, therefore, is either complete relaxation of current regulations or complete restriction. Either permit the entry of Chinese raw materials and products manufactured therefrom, or prohibit the importation of both finished goods and raw material. For the sake of trade relations with the United Kingdom, Western Europe, and Japan, the U.S. Government cannot adopt the latter course. Accordingly, we strongly urge full relaxation of the regulations to permit importation of Chinese raw material and finished products. Only in this way will equity be achieved and relief granted to American cashmere processors, yarn spinners, sweater, and cloth manufacturers. Our competitive position vis-a-vis our foreign counterparts will be improved and additional jobs can be made available in this branch of the textile industry.

Senator PASTORE. Let's see, is Mr. Emile Benoit here? Did he come? Is Mr. Murray here?

(No response.)

Senator PASTORE. I think the storm situation in Rhode Island is worse than I thought.

Mr. O'Brien is here?

Mr. O'BRIEN. Yes, sir.

Senator PASTORE. Mr. O'Brien, how long will your presentation take?

Mr. O'BRIEN. Depending on how many questions there are from the committee.

Senator PASTORE. I mean leaving that part of it out, how long will your end take?

Mr. O'BRIEN. About half an hour.

Senator PASTORE. Mr. Taraborelli, how long will your presentation take?

Mr. TARABORELLI. Fifteen minutes.

Senator PASTORE. Is Mr. Stitt here?

Mr. STITT. Fifteen minutes.

Senator PASTORE. Is Mr. Lerner here?

(No response.)

Senator PASTORE. Is Mr. Corno here?

Mr. CORNO. Fifteen minutes.

Senator PASTORE. Let me ask again, anybody here who has to catch a plane or make a train?

(No response.)

Senator PASTORE. All right, Mr. Taraborelli, you may come forward.

STATEMENT OF ALBERT TARABORELLI, PRESIDENT, BRAIDED RUG MANUFACTURERS' ASSOCIATION OF THE UNITED STATES; ACCOMPANIED BY LEON CAPEL, A. LEON CAPEL & SONS CO., TROY, N.C.

Mr. TARABORELLI. Mr. Chairman and members of the subcommittee, my name is Albert Taraborelli. I am president of the Braided Rug Manufacturers' Association of the United States. I am also president of the Tabco Braid Co., in Rhode Island.

To my left is Mr. Leon Capel, who is head of the A. Leon Capel & Sons Co., manufacturers of braided rugs, in Troy, N.C.

I would like the permission of the subcommittee to skip part of my statement, those parts I feel have already been covered, and add a new observation that I have made.

Senator PASTORE. Why don't we do it this way: We will insert your statement in its entirety in the record at this point, and you go ahead and make any observation you want.

Mr. TARABORELLI. I would like to read part of my statement.

Senator PASTORE. I don't care how you do it, but the whole statement will be in there, anyway.

Mr. TARABORELLI. The effects of increasing foreign competition have been and continue to be felt by our industry.

In 1957, after a period of several years during which the domestic braided-rug industry expended a great deal of time, effort, and capital in product promotion and plant expansion, the braided rug emerged as a dependable, volume product in the floor-covering field.

The same year saw the beginning of braided-rug imports from Japan which today is still the only significant source. However, in small but increasing volume, braided rugs from other foreign sources are beginning to appear in our markets.

The rise of the braided-rug industry in Japan was coincidental with——

Senator PASTORE. What other countries are they coming from?

Mr. TARABORELLI. From Belgium, from France, Hong Kong, Italy; I think those cover about all.

The rise of the braided-rug industry in Japan was coincidental with, and no doubt a result of, the decline of the hooked-rug industry in that country. Just prior to that time, domestic hooked-rug production had been forced to a halt by the unreasonably high and unchecked volume of foreign produced goods.

Senator PASTORE. Mr. Taraborelli, for the record and for the enlightenment of myself, will you tell me what is the difference between a hooked rug and a braided rug?

Mr. TARABORELLI. There is a vast difference between a hooked and a braided rug. A hooked rug consists of a backing through which yarn is inserted.

Senator THURMOND. I didn't hear that. Would you repeat that?

Mr. TARABORELLI. A hooked rug consists of a backing through which yarn is inserted forming a loop, and a braided rug is the process of taking yarns or other materials and braiding it or weaving it into long continuous strands, which are then sewn centrifically into a rug.

Senator PASTORE. These mats they have on kitchen floors, is that what you are talking about, where the fiber goes around like that and is sewn together and finally makes an oval rug; is that what we are talking about?

Mr. TARABORELLI. That is right.

I would like to point out, however, as I brought out here in my statement, up until 1955 and 1956 the braided rug was accepted as just a small scatter rug used in the kitchen. But through the efforts of the industry to promote this product, we were able to expand the market by increasing the demand for the braided rug in the room sizes. We promoted the fact that it went well with the decor that was in vogue at the time.

Senator PASTORE. Will it ever be used wall to wall?

Mr. TARABORELLI. Not a wall-to-wall carpet or rug; it is an area rug.

Senator PASTORE. Only now you would use it on a sun porch or in a dining room?

Mr. TARABORELLI. That is right.

Senator PASTORE. In a family room or things of that kind?

Mr. TARABORELLI. To point out the difference between a rug of this type and wall-to-wall rugs, a braided rug is used to complement the floor rather than cover it. In other words, the flooring showing around the rug enhances the appearance of the rug.

Senator PASTORE. I understand.

Mr. TARABORELLI. New competition among foreign producers for a comparable limited market—I am speaking now of hooked rugs—first resulted in the destruction of a domestic industry, and then a deterioration of the domestic market, due to overproduction.

Most foreign hooked-rug producers then shifted to braided rug production, which is one step higher in the mechanization scale.

Today history is repeating itself as far as the braided rug industry is concerned. As a result of the keen competitive struggle among foreign producers, prices on imported goods have dropped from 16 cents a foot to as low as 11.5 cents a foot. Overproduction of braided rugs today poses a very serious problem because it generates a price cutting trend, and eventually a deterioration of quality. In time this results in a deterioration of the domestic market, a concern which I believe does not enter into the foreign producers' considerations.

With his advantages of cheaper labor and material costs the foreign producer is able to effectively dominate a domestic market, and dictate the terms under which a domestic manufacturer must operate.

The rate of imports of braided rugs has accelerated from one and a half million square feet in 1957 to 70 million square feet in 1960.

The Japanese braided rug industry increased from 14 to 35 plants last year. In comparison, the domestic industry shrunk in both number of plants and production.

American producers, in a struggle to preserve a part of the domestic market have been forced to reduce prices to a point where the spread between costs and selling price is insufficient to provide a satisfactory margin of earnings. With unsatisfactory earnings the American producer is unable to replace wornout machinery, with a further reduction of his ability to remain competitive.

Existing tariffs do not present any significant barrier to increasing penetration of domestic markets by foreign producers, and this degree of penetration depends solely on the foreign producers' productive capacity.

With the productive capacity of the free world continually increasing, with consideration for the expressed intent of this country to progressively reduce tariffs, and with further considerations for the prospect of higher taxes and labor costs, we American producers are deeply apprehensive and fearful for the future of our industry.

If the American textile producer is beset with problems, it is only because the cards have been stacked against him, so to speak.

Current worsening economic conditions pose a host of related factors, such as unemployment, declining returns for investors, diminished funds for research and exploration, and curbs on expansion capital.

Import-vulnerable industries, such as textiles, are caught in a vicious squeeze between two powerful and conflicting drives:

1. The pressure for increasing wages, research and investment, in order to compete effectively for labor and for markets at home.

2. The pressure for decreasing prices in order to compete effectively with low-cost imports.

How well domestic industries can resist this stranglehold will depend on how successfully our foreign trade policies are adapted to domestic considerations.

Regional unemployment problems have been created as some industries relocated their plants, trying to improve their competitive position.

It is significant that as far back as 1957 the Department of Labor's Bureau of Employment Security has classified seven New England communities as "areas of substantial labor surplus," with four listed as major areas.

Area assistance programs have been proposed by those who consider the uprooting of whole industries and communities an unavoidable adjunct of liberal trade. These subsidies, which they are, are ineffective since they do not create new industries, nor do they revitalize ailing industries. They afford little comfort to the experienced worker who would lose his job seniority and possibly be uprooted from his accustomed home.

Intentions also have been expressed to help industries affected by foreign competition in shifting over to noncompetitive lines.

Under present trade policy, competitive imports are increasing at a disproportionately higher rate than noncompetitive goods. This continuing swing to manufactured goods makes the search for noncompetitive lines increasingly more difficult.

In testimony yesterday several reasons were forwarded as to why we should continue the unrealistic trade policies that have existed in this country for a number of years. I would like to make some observations on that. It is ironical that this country, the benefactor, is faced with unemployment problems and a weakened dollar position, while the recipient countries of our generosity are experiencing labor shortages and a strong dollar position.

It is also interesting to note that when the United States was the recognized world armaments leader our alliances were solid. Today our international alliances are becoming uneasy.

Another fact we cannot ignore is the rapidly accelerating rate of economic growth of countries such as Japan and West Germany, such as our own for the past 5 years, has been one of very unsatisfactory dimensions. Yet, we still allow these countries the same concessions we allow to economically depressed and lesser developed countries. This is why I believe building up the economies of our friends is a highly specialized matter and requires considerations on a case by case basis, not generalized decisions.

Above all, our most important concern of trade must be that it in no way be permitted to weaken our industrial base for it was that very strength that enabled us to help our friends in time of need.

Yes, we were assured that we need have no fear for the future of our industry, and that it is not threatened by the present volume of imports. That is what was said about the sewing machine manufacturing industry a few years ago; yet today there is only one sewing machine manufacturer left in this country and even he had to move part of his production facilities abroad in order to remain alive.

In 1957 the U.S. Chamber of Commerce issued a report entitled "What Industrial Jobs Mean to a Community." It traced the economic benefits of new factory employment through all phases of community enterprise.

Now we have reversed this benefit formula to measure the approximate impact of unemployment in terms of vanishing assets. We must understand that dollars paid to a factory worker may be spent and respent several times within a community. It can be estimated that for every job permanently lost a community is deprived of the following:

$360,000 in annual retail sales;
$270,000 in bank deposits;
107 automobile registrations;
112 households;
74 jobs in other enterprises; and
4 retail establishments.

In addition to this approximate equation, other significant cutbacks must be computed, such as reduced Federal, State, and local tax revenues, greater outlays for unemployment benefits, decline in school budgets, and less income for charitable purposes.

Yes, the area redevelopment bill was mentioned. At this time I think it would be appropriate to touch on this bill as to what effect it would have on the textile industry. In section 5 of this bill provision is made for a priority of consideration in assistance to those areas in which a substantial part of the employment is or most recently was in an industry adversely affected by the reduction of trade barriers under the Trade Agreements Act of 1951, as amended. Under this same section, the President is directed to notify the Administrator of the area development agency when the President has rejected a recommendation. This area is then eligible, if other standards are met, for a priority in redevelopment assistance.

It seems quite clear that section 5(a) is the trade adjustment principle incorporated in the bill and is designed to substitute area rede-

velopment assistance for the positive relief provisions of the Trade Agreements Act.

Advocates of further reductions in U.S. tariffs, and a program for relief to resulting unemployment, maintained that injury from imports has not and will not have any adverse effects on our economy. If this is true, and it is not, then what justification is there for the priority for import injury in this bill?

The inclusion of this provision in the bill must be construed as an admission that unrestricted imports are causing economic distress to local areas.

Further, the provisions of this bill would tend to encourage the rejection of favorable Tariff Commission recommendations for relief. This bill would provide area assistance after an industry has been injured when we sorely need a program that will avoid such injury.

Past experience has demonstrated that a considerable length of time elapses before an industry can get a determination from the Tariff Commission on its petition for relief. By this time the injury is so deep that the economic rehabilitation of the area affected is of such magnitude as to pose serious questions regarding the effectiveness of such a program. This is another example of our "too little and too late" policies.

We can only conclude, therefore, that the apparent intent of this section of the proposed bill is to entirely eliminate the positive protective measures of the Trade Agreements Act, and to accept that unemployment and economic injury resulting from imports are necessary sacrifices in the "national interest."

It would place displaced workers on a Government dole. The social upheaval caused by workers retraining for new jobs, and seeking employment elsewhere is an unnecessary imposition on the citizens of this country.

I therefore very respectfully urge this subcommittee to take any action it can to delete section 5 of bill S. 1 relating to priorities for economic distress caused by imports. This deletion, I believe, would in no way detract from the principal objectives of the bill.

The enactment of this legislation, as it is presently proposed, would, in my opinion, further aggravate the problems confronting the textile industry today, and compound the enormity of the task this subcommittee has accepted in seeking reasonable and constructive methods to eliminate them.

Thank you.

Senator PASTORE. In other words, this is an offer to help a sick man by offering to pay part of his burial?

Mr. TARABORELLI. That is right.

Mr. CAPEL. A very good phraseology.

Mr. TARABORELLI. I would like to add one more comment.

Senator PASTORE. Let me say this to you, Mr. Taraborelli: You have made your case very well, but I still think that section 5 belongs in there. I think the history, when action is taken on the bill, should indicate very, very clearly this is not the remedy for curing the ills that exist because of the imbalance between imports and exports and what it is doing to certain of our industries.

I think myself that if an area has been hurt because of the tariff situation that should be grounds for eligibility for help, but I don't

think that the grounds for eligibility for help should be used as a justification for bringing about the tariff disorder, as you have construed.

Do I make myself clear on that?

Mr. TARABORELLI. Yes; you do. But wouldn't we be eligible for that assistance regardless of whether it was due to imports or other economic factors?

Senator PASTORE. I would hope you would be, and I would hope that is defined on the floor of the Senate. I hope we are not going to drift into a philosophy here of what difference does it make if an industry is hurt if we can get into an area redevelopment program. That isn't going to help the industry and it isn't going to help the people who have lost their jobs, because the mere fact that you have an area redevelopment bill doesn't necessarily mean that you are going to put the same people back to work, for reasons that are obvious, because in the textile industry it has been shown before that the average age is much above 50, and it is hard for these people to be retrained. It is hard for these people to be reengaged unless they get into a lower wage level, which is never a desirable thing to do.

Now, the only thing I am saying to you, Mr. Taraborelli, is this: I only hope this—and I hope the Congress of the United States makes this very, very clear—this is merely only grounds for eligibility and not a justification for bringing about further tariff disorders.

Mr. TARABORELLI. Well, we know that advocates of further reductions and eventual elimination of all tariffs have constantly urged that all prospective safeguards in our Trade Agreements Act be removed, and they also know that such an amendment to any of our Trade Agreements Acts would be highly controversial and jeopardize the passage of a liberal Trade Agreements Act, and we feel that this is the first step in eliminating those safeguards in our Trade Agreements Act.

Senator PASTORE. I hope that position is made clear that is not the case.

Mr. TARABORELLI. I hope so, too.

Senator PASTORE. I repeat again, I hope this is not an offer——

Mr. TARABORELLI. I would feel much better if we didn't have it in the bill. I think we don't need it, and the objectives of the bill would not be jeopardized.

Senator PASTORE. You may be assured that the matter will be brought up, and it is hard for us to determine precisely what the attitude of this present administration is going to be with reference to some of these problems.

As you know, the President of the United States did speak out on the recommendations that we made previously. He has talked to the American people with reference to international trade; but there again, as the President of the United States, until we get to the moment to particularize, he has generalized as he must, he has said we cannot get drifting into an attitude of protectionism; I don't think anyone in this room wants him to do that; we don't want to shut off imports to the extent we can't sell our merchandise to other countries of the world. We must consider the whole world in the complex of our own security and what it means to the peace of the world.

On the other hand, of course, as I have often said, and it is getting now boring to have me repeating, we don't want to drift into a situation where we kill the goose that lays the golden egg.

America must be economically strong and, I repeat again, that I think myself that this administration is very cognizant of the situation. I would expect improvements.

After all, the President of the United States comes from an area of the country where he knows firsthand what has happened to the textile industry. He knows the essentiality of the textile industry to the security of the Nation. He knows his overall problems in promoting the peace of the world and I think myself that this administration is going to move forward in that direction and that we will see many, many improvements.

I don't think you are going to have it all your own way. I don't think you expect that to happen. But here and there there will have to be compromises of understanding among our friends and ourselves, among American industry, to the point that we defend and protect all these safeguards and these bulwarks that will give us security and peace, and at the same time help to keep the American industry stable and strong.

Mr. CAPEL. The braided rug industry actually is a very small industry, as far as dollar volume is concerned. As these two figures will bring to mind, in 1957 there were 1½ million square feet of these braids brought into this country, today there are over 70 million square feet per year. This is a tremendous inroad.

Senator PASTORE. I realize it is a small industry, but it is an important industry. Human beings work in it. As long as you have one human being who is looking for a job and can't find it, you have a tragic situation on your hands. You don't have to wait until it multiplies in the mills. I think it becomes necessary for us to do everything we possibly can to preserve all of the industry that we have, whether it is large or small.

I don't think that it ought to be decided on that score, that we can let this go because it is small, because, after all, the majority of industries in the United States of America are small anyway.

Mr. CAPEL. That is very logical thinking. We hope it won't be that way, also.

Senator PASTORE. I repeat again, we are on the dawn of a new day, I hope, and let us be somewhat patient. We are developing this record. What we are trying to do here is try to bring this whole record up to date. We have made a thorough, exhaustive investigation of this matter 2 years ago. Not to be placed in the position that was the situation 2 years ago, what is it today? We have developed this record.

Unfortunately, the picture that has been developed thus far, if I can analyze it at all, is a little more discouraging now than it was 2 years ago because in the textile industry imports have risen astronomically and exports have declined. So the drift has been toward a little more pessimism in the textile industry rather than toward optimism.

Mr. CAPEL. We don't consider perhaps a higher tariff any better to us in the industry, 10 percent, because it still would not be competitive. But perhaps when you spoke of quota earlier in the day, maybe this is an answer to it, establishing a figure to go by.

The Japanese, incidentally, had a figure that they presumably were to abide by of 5.5 million square feet—I mean 3.5 million square feet

a month, but since October their shipments run around 5.7 to 5.9 million. So they haven't abided by the quota at all.

Senator PASTORE. I would assume that you brought your case on the escape-clause procedure; have you?

Mr. CAPEL. Earlier, Mr. Taraborelli here, who is president of our association, perhaps has brought this forth.

Senator PASTORE. What happened to it?

Mr. TARABORELLI. We started a petition for relief under the escape clause, but then we withdrew it for reasons which I feel we shouldn't go into here and take up the time. We withdrew that petition, but we do intend to draw up a new petition for relief under the escape clause.

Senator PASTORE. I would recommend that strongly, because in all these cases, while it may be so that a position can be taken that there isn't sufficient remedy and relief under the escape clause, and I know that is the position taken by many of the witnesses taken before us, I think myself that inasmuch as it is prescribed by law these industries should avail themselves of that procedure.

Mr. TARABORELLI. We intend to.

Senator PASTORE. I think it puts them in a better position in arguing their case, because if a remedy, if a procedure for remedy is granted you under the law and you haven't availed yourself of it, it morally weakens your case.

Mr. CAPEL. It certainly does.

Mr. TARABORELLI. We also are faced with the fact that there is no export market for our product, either.

Mr. CAPEL. None whatsoever. None of our members export a dollar's worth of braid rugs. We have looked into this, but the cost of making a braided rug is basically hand, there is a lot of handwork involved. Therefore, under our labor prices and all, we can't afford to make a cheaper rug than our labor is worth.

Senator PASTORE. The fact of the matter is there is no export in this.

Mr. CAPEL. There is no export market for us. There would be in Far Eastern countries who can make them at a cheaper price.

Senator PASTORE. Thank you very, very much.

Senator THURMOND. May I ask a question?

Senator PASTORE. Yes.

Senator THURMOND. In fact, it is mostly comment.

I observe on page 2 of your prepared statement that you state the rate of imports of braided rugs has accelerated from 1½ million square feet in 1957 to 70 million square feet in 1960. Have you figured what percent that is?

Mr. TARABORELLI. No, I haven't. It will be a large percent.

Mr. CAPEL. It is a fantastic increase.

Senator THURMOND. That is a large increase over a 3-year period, to go from 1½ million square feet to 70 million square feet. It would seem with a small industry like the braided rug industry it would almost close it down.

Mr. CAPEL. Exactly, sir. There were around 70 braided rug manufacturers in 1956 tnd 1957. There are hardly more than 31 or 32 today.

Senator PASTORE. Say that again.

Mr. CAPEL. Approximately 70 braided rug manufacturers in this country back in 1956 and 1957——

Senator PASTORE. Employing how many people?

Mr. CAPEL. I don't know how many they employed, but they are all small mills, generally, employing anywhere from, I would say, 25 people up to 150 people. Today there is only about 30 to 32. This gives you an example of what has happened in the past.

Senator THURMOND. Mr. Taraborelli, I think you have made an excellent statement.

Mr. TARABORELLI. Thank you.

Senator THURMOND. I want to commend you for it and I want to say that, speaking for myself, I concur with your analysis of the effect of section 5(a) on this so-called depressed areas bill. I feel that you have drawn a sound conclusion there and I am glad that you injected that into this matter because I think it is pertinent here.

That is all.

Senator PASTORE. Thank you very much.

Mr. CAPEL. Thank you very much.

In leaving, one thing for Senator Thurmond, if I may say it. Since I am a Carolinian also, I may tell him what a braid is.

If he perhaps remembers his wife or a little girl when they were young, coming along having a braid in her hair, when she braided her hair around her head; if you remember that, sir, that is a braid.

Thank you.

Mr. TARABORELLI. Thank you.

Senator PASTORE. Mr. O'Brien.

Are you going to read your whole statement, Mr. O'Brien?

Mr. O'BRIEN. No, sir; I do not intend to follow our statement.

Senator PASTORE. I think, under the circumstances, we will have the whole statement of memorandum inserted in the record in its entirety at this point, so there will be no disjointing of it, and then you can commence anywhere you want to.

(The document follows:)

MEMORANDUM RE MAN-MADE FIBERS, SUBMITTED BY MAN-MADE FIBER PRODUCERS ASSOCIATION, INC., NEW YORK, N.Y.

Man-Made Fiber Producers Association, Inc., appreciates the opportunity to appear at this hearing and to present a request that the study of the committee which has heretofore dealt with textile products starting at the fabric mill level be expanded to include consideration of the situation of the manmade fiber industry. With one exception, rayon staple fiber, all the products of our industry are subject to possible reductions in duties in pending GATT negotiations, so far as we now know. We particularly request that this committee study the problems arising from the manner in which the Trade Agreements Act is administered.

INTRODUCTION

We recognize that the committee is reopening hearings in order to bring up to date all data gathered during the 1958 hearings. We believe, however, it is pertinent to call to the attention of the committee conditions detrimental to the American textile industry existing since 1958 in the procedures leading to and including the GATT negotiations.

In the course of this presentation, we will refer to certain conditions as to production and productive capacity of manmade fibers here and abroad, not, however, for the purpose of asking this committee to pass on the questions which have been presented to the Tariff Commission and the Committee for Reciprocity Information but rather to demonstrate to this committee the disadvantages under which this industry suffers under present procedures. We will make certain recommendations which we trust will appeal to the committee as a means of

correcting the procedures which are to the disadvantage of our industry and the entire textile industry.

CHARACTER OF THE INDUSTRY

To identify our association and industry, we submit the following information:

The membership of the Man-Made Fiber Producers Association, Inc., is comprised of 14 companies listed in the attached exhibit A engaged in the production of manmade fibers. These companies produce the great bulk of the manmade fibers in commercial production in this country. In the industry, there are, however, other companies in commercial production and coming into production. The data which we will submit relate to the industry, not merely to our membership.

Plants and locations

Manmade fibers are produced in 86 plants, in 56 communities, in 20 States, most of the plants being located in communities of less than 40,000 population. The plants are concentrated in New England, the Middle Atlantic States, Southern, and Central States. The attached exhibit B gives the locations of the manmade fiber-producing plants, the fibers produced, and the approximate population of the plant communities.

Employment situation

The employment situation in more than half the communities in which the industry's plants are located ranged in mid-1960, under the classification criteria used by the Bureau of Employment Security, from "jobseekers slightly in excess of jobs" to "substantial and persistent labor surplus." We have reason to believe that since then the situation may have deteriorated rather than improved.

The labor situation in Nitro, W. Va., a plant site, was classified as "substantial and persistent labor surplus."

Seven communities in which manmade fiber-producing plants are located—Parkersburg and South Charleston, W. Va.; Providence, R.I.; Lewistown and Meadville, Pa.; Kinston, N.C.; and Cumberland, Md., were classified as "substantial labor surplus." Six of the communities in which plants of the industry are located—Childersburg and Decatur, Ala.; Rome, Ga.; Chattanooga, Tenn.; New Bedford, Mass.; and Seaford, Del., were classified as "jobseekers in excess of jobs."

In 30 of the communities in which the industry's plants are located, the labor situation was rated "jobseekers slightly in excess of jobs." These communities are on the borderline and any additional displacement of workers in these areas would probably bring these communities into a lower rating in the labor situation.

The smaller communities, particularly when located in States without a high concentration of industrial activity, are unable to withstand reduced employment and curtailment of tax revenues and of payments for materials and services without serious economic consequences.

As reported on January 15, 1960, the industry employed more than 64,000 individuals, of whom more than 48,000 were production workers. As of the same date, the weekly payroll of production workers was more than $4,250,000.

Employees worked on the average slightly less than 40 hours a week and received a weekly pay averaging $87.70, which is higher than the wages paid in textile mills generally and higher than the average in industries manufacturing nondurable goods.

Investment of manmade fiber producers in plants and equipment per production employee is over $38,000.

Investment and expenditures of the industry

The utility and fuel costs of the industry amounted in 1959 to approximately $52 million.

The haulage costs for shipment of raw materials to fiber-producing plants and of manmade fibers from the plants to customers amounted to more than $59 million in 1959.

In 1959 the expenditures of the industry for raw materials and supplies amounted to almost $700 million.

The investment of the industry in land, buildings, and machinery alone was, on December 31, 1959, almost $2 billion, which represents the cost of fiber-producing facilities and does not include the cost of facilities to produce chemicals and other raw materials.

RELATION TO COTTON AND WOOL

In the consumption of fibers in this country, the manmade fibers rank second only to cotton.

It is not, however, practical to consider manmade and natural fibers as entirely separate items as is being done by the Trade Agreements Committee in its list of commodities on which it is offering concessions to foreign nations. The fibers compete with, and supplement, each other. The offer list includes all manmade fibers and fabrics made therefrom, but omits broadwoven fabrics of cotton and wool. This omission is undoubtedly in recognition of the fact that, under existing trade agreements and the two-price policy for cotton, the textile industry of the United States has been caused considerable distress by the rapid increase of imports. The inclusion of all manmade fibers and of fabrics thereof on the offer list indicates the failure to recognize the effects of increased imports of these products on cotton and wool.

The committee's first report refutes the generally accepted idea that there has been a spectacular increase in the production of textile fabrics from manmade fibers. The committee's report deals with the production of broadwoven fabrics in this country. In other words, it deals with mill consumption of fibers and domestic production of fabrics rather than total domestic consumption of textile products, including imports of fabrics, apparel, and other articles. The significant increase in imports of fabrics and items of apparel has had an effect on the consumption of all fibers by domestic mills.

It is recognized by the Marketing Research Division, Agricultural Marketing Service of the U.S. Department of Agriculture in Technical Bulletin No. 1210 published in 1959, and entitled "Changes in American Textile Industry" that the competitive position of American cotton is affected by marked increases in supplies and improvements in quality and suitability of manmade fibers available at attractive prices and that there is a similar effect on wool. The point we desire to emphasize is that American cotton and wool can better compete with American-produced fabrics made wholly or in part of domestic manmade fibers produced under American standards of working conditions and wages than with manmade fiber products produced by low-cost foreign nations.

In our opinion, the cotton industry of this country is not suffering nearly as much from competition of the domestic manmade fiber production as it is, first, from the two-price system of cotton and resulting imports of fabric and apparel and, second, from the imports of fabrics made with spun yarns of manmade fibers and apparel made therefrom by foreign manufacturers. Obviously, further reductions in rates of duty on manmade fibers will not only displace domestically produced manmade fibers but will also displace domestic production of cotton and wool products, which could have been pointed out to the Trade Agreements Committee and the Interagency Textile Committee had either of them taken advantage of consultation with the Textile Advisory Committee.

NATIONAL DEFENSE

As the first report of this committee indicates, the domestic textile industry is second only to steel as an industry essential to national defense, we desire now to point out that the manmade fiber industry, as a part of the textile industry, is essential to national security.

The basis of the manmade fiber industry is chemical research. The results of such research have supplied the present fibers which have been employed in many military uses. The future military needs are being anticipated by research now in process.

In World War II and the Korean war, vast quantities of nylon were used for many military applications. Of approximately 1,800 military specifications for textile products, 600 call for the use of various manmade fibers. The Nation cannot, however, survive on the production of the textile fibers used in the last wars any more than it can survive by the production of the arms and munitions used in the past.

Of the research which is not classified, we are at liberty to mention that research scientists of this industry are now endeavoring to create and develop manmade fibers made necessary by developments in the fields of aircraft and missiles which have presented requirements not heretofore encountered in the use of fibers. The new fibers must have such qualities as—

(*a*) Ability to maintain strength at high temperatures over long periods;
(*b*) Nonmeltability;

(*c*) Resistance to short-term high-intensity thermal radiation;
(*d*) Gamma and neutron radiation resistance.

It is essential that the military services have human escape parachutes which will not melt if exposed to flash fires aboard aircraft. It is also essential that deceleration parachutes for aircraft do not deteriorate in storage by heat generated from jet exhaust, aerodynamic heat, or when such parachutes are used at high air speeds. Similar qualities are needed for parachutes for missiles to avoid deterioration by aerodynamic or storage heat. It is necessary to have available parachutes which, on descent from an altitude of 100,000 feet, will not become a molten mass due to generated heat.

In the field of tire cord, it is necessary that there be developed protection against the excessively high temperatures which will be built up by high speeds in flight and by impact of landing at high speeds.

The problem of heat generated by the high speeds of aircraft makes it necessary to develop fuel containers resistant to high temperatures.

For more efficient starting of jet aircraft, new and improved hose capable of withstanding high temperatures is needed.

For military personnel, similar problems arising from short-term high-intensity thermal radiation caused by the heat waves of atomic blasts must be met by providing protection in lightweight combat clothing, tents, and other items.

All of these items of defense must be made from manmade fibers. No natural fiber can meet any of these vital needs and, while in other uses the nautral fibers serve many military purposes, they may not be modified or engineered to meet the specific end-use requirements noted above.

In the field of fiber research, as in all other scientific fields, our Nation is in competition with other nations, including the Union of Soviet Socialist Republics. Press reports indicate that the Soviets have published information concerning three synthetic fibers not now in commercial production in the United States. Reports on such Russian research have indicated they are engaged in developing fibers to meet the needs mentioned above.

At the present time, the United States has a substantial lead over Russia in both plant and technology required for producing the new noncellulosic fibers. The Russians are, however, making tremendous efforts to meet and surpass our progress in these fields, and have already done considerable excellent research work on tire cord and tire design.

The long-range security of the country is, therefore, dependent on scientific research and development not only in the area of weapons and munitions but also in manmade fibers, a field in which the very high research costs can be assumed only by producers who are able to maintain profitable production and sale of the present products of the industry.

Our Government cannot hope readily to duplicate in any Federal military research laboratory the fund of scientific information and experience being maintained in the research staffs of the manmade fiber producers. The problems presented to this industry in the development of new fibers to meet the above needs require not only a thorough knowledge of the chemistry of fibers but also knowledge of, and experience in, spinning yarns, weaving, knitting, dyeing and finishing of fabrics, and in the manufacture of garments and articles therefrom.

The manmade fiber producing companies cannot maintain such research staffs if their present production facilities are idled by the displacement of domestic manmade fibers through imports.

EXISTING DUTIES ARE NO BARRIER TO IMPORTS

As was pointed out in extensive detail in our memorandum filed with the Tariff Commission and the Committee for Reciprocity Information in August 1960, existing duties on manmade fibers are no barrier to imports and for many years there has been an almost unbroken trend of increases of manmade fiber imports into this country. Imports during 1960 have dropped. In 1960 the domestic production and shipments of cellulosic fibers declined and domestic production and shipments in the field of noncellulosic fibers showed a diminishing rate of increase with a tendency to level off.

We desire to point out, however, that a mere temporary decline in imports over a few months is not a test of the adequacy of duties but rather that the problem must be evaluated on the basis of import trends in the past and potentialities. The steadily increasing trend of imports of manmade fibers over the past several years until 1960 clearly establishes that existing rates of duty have been no barrier to imports and that the temporary decline is due to other causes.

For the information of this committee, we attach hereto exhibit C setting forth tables showing imports, domestic shipments, and production of manmade fiber filament yarn, staple and tow, broken down by cellulosic and noncellulosic fibers for the years 1954 through 1960. The figures for 1960 are estimated, based on incomplete data for that year.

Since we are not in this hearing asking this committee to pass on the propriety of present rates of duty on manmade fiber products or the propriety of proposed reductions in rates of duty, we are not at this time including the more detailed discussion of imports as related to domestic shipments and production which was contained in our memorandum filed with the Tariff Commission and the Committee for Reciprocity Information last August, but we are pleased at this time to make it available to the members and staff of this committee.

DEFECTS OF TRADE AGREEMENT PROCEDURES

To demonstrate the handicaps under which this industry is suffering in trade agreement negotiations, we propose to contrast the procedure being followed by agencies of the Government with the procedures recommended by this committee in its first report.

Failure to consult with industry on tentative "offer list"

On May 27, 1960, the Interdepartmental Committee on Trade Agreements gave notice of a list of imported articles to be considered for prospective reductions in duties in trade agreement negotiations. This action was initiated by the United States seeking negotiations under which it could agree with foreign nations on reducing our duties. Domestic industries were allowed 30 days from May 27, 1960, to assemble and file objections with all supporting data and arguments. The "offer list" was compiled without conference with industry or, so far as we know, with the Interagency Textile Committee and certainly without conference with the Textile Advisory Committee established in accordance with the report of this committee. Since that date the manmade fiber producing industry has been under threat of reduction in duties and increased imports of foreign manmade fibers.

We are impressed by the fact that this committee recommended the establishment of a permanent interagency committee but that an ad hoc committee was appointed. We note that the Tariff Commission and some other agencies which this committee recommended be represented on the Interagency Textile Committee were not so represented.

This committee recommended, as the members will recall, that the Interagency Textile Committee work with the Textile Advisory Committee. The broad terms of reference to the Interagency Committee and the Textile Advisory Committee would appear to cover consultation with the Trade Agreements Committee before decision to list textile products as commodities on which this country would offer further reductions in our duties. This is a matter of extreme concern to the manmade fiber producing industry because all of our products were included on the so-called offer list published in May 1960. Our industry had no opportunity to confer on the formation of the "offer list" before foreign producers were advised that the duties on our products might be reduced. We are informed that, in the preliminary work with the so-called country committees, there was established the policy that the individuals engaged in the work of making up the "offer list" should not confer with industry.

Inadequacy of public hearings as substitute for consultation

After the publication of the "offer list," the industries whose commodities appeared on the list were given an opportunity to appear in defense of present rates of duty or to indicate the inadequacy of present rates of duty before the Tariff Commission and the Committee for Reciprocity Information. This was the first opportunity the textile industry had to present its case. Under the pressure of time, the Tariff Commission and the Committee for Reciprocity Information assigned the period August 8–12, 1960, for consideration of all items on the "offer list" included in Tariff Act schedules No. 9 relating to cotton manufacturers, No. 10 relating to flax, hemp, and jute, No. 11 relating to wool, No. 12 relating to silk, and No. 13 relating to manmade fibers. The Tariff Commission gave the morning of each day to presentation of facts and arguments by industries and the Committee for Reciprocity Information heard, in effect, the same presentations in the afternoon. In a period of approximately 2 months the Tariff Commission and the Committee for Reciprocity Information were expected to become informed on some 2,500 commodities listed for prospective reductions in

rates of duties to the intimate degree necessary to evaluate the effect of such reductions.

The "peril point" procedure in connection with duties on 2,500 items encompassing broadly the industries of this country allowed the Tariff Commission 6 months after May 27, 1960, (not 6 months after hearings), in which to make its determination of "peril points" on all 2,500 items, the same period of time allowed in an "escape clause" investigation involving only one commodity.

When the Tariff Commission determines as a result of the public hearings on the "offer list" that it should institute an "escape clause" investigation, the affected industry learns the decision directly by publication of the notice of the investigation in the Federal Register and by receipt of questionnaires from the Commission.

In no other case does the tribunal, to which 500 or more witnesses in July and August 1960 presented opposition to proposed reductions in rates of duties on their commodities, communicate its decisions and recommendations to the affected industry. Of all the products considered in the July and August hearings of the Tariff Commission, the Commission determined to undertake only eight investigations. Thus, under present procedure, there is a tribunal to which domestic industry presents its case but from which in the overwhelming majority of cases it never learns the decisions or recommendations.

The Tariff Commission makes its recommendations to the President. These recommendations which presently are not published may be to the effect that under the existing rates of duty the industry is at its "peril point" or that some percentage of reduction in duty less than the 20 percent allowed under the law will bring the industry to its "peril point" or possibly that the duties may be reduced by the full 20 percent allowed by law without imperiling the industry.

Presumably, upon consideration of these recommendations of the Tariff Commission, a new list is prepared of the commodities on which reductions in rates of duty may be offered to foreign nations. This information is classified as to domestic industry. When the negotiators at the outset of the GATT negotiations exchange lists, the foreign negotiators learn the commodities on which the United States is prepared to offer concessions in rates of duty. In some instances, the representatives of foreign industry are included on the foreign negotiating team, thus receiving information to their competitive advantage. It is unlikely that all foreign nations exclude industry from contact with negotiations in the same degree as the United States and it is to be presumed that in many nations the foreign industries will be acquainted with the nature of the U.S. "offer list."

The determination of a "peril point" on any commodity by the Tariff Commission becomes known to the affected industry only when the President elects to override the determination and approve a reduction in duty beyond the established "peril point," and so reports to the Congress. The situation is comparable to one in which a litigant learns of a favorable judgment in the trial court only if the judgment is reversed on ex parte appeal.

The period of time from the publication of the "offer list" to the proclamation of new duties by the President may be 18 months or more. Originally scheduled for January 1961, the negotiations on reductions of U.S. duties have not yet begun and are not now expected to commence until after Easter 1961 and may be further delayed if more time is needed to resolve the impasse over the common duties of the European Economic Community. It will probably be 1962 before the final results are known.

During all those months, the domestic textile industry is under threat of reduction in rates of duty and increased imports, a situation not conducive to orderly planning. If, however, industry were permitted to know the Tariff Commission's determination of "peril points," then a degree of stability would be attained, subject only to the Executive overruling the Tariff Commission. The maximum degree of stability would be attained in any industry which learned that its products had been removed from the "offer list."

We believe that these proceedings before the Tariff Commission constitute the only instance in our law where a domestic industry presents a defense and may never learn the decision.

After the final "offer list" is prepared upon consideration of the findings and recommendations of the Tariff Commission and the Committee for Reciprocity Information, the negotiating team leaves for Geneva and enters into negotiation with negotiating teams of foreign nations. During the period of these negotiations the domestic industry is not represented either on the nego-

tiating team or by an industry consultant in Geneva. We are informed that members of the negotiating teams have been advised in the past not to confer with domestic industry and to avoid contact with any industry representatives who might be at the site of the negotiations. In past negotiations there have been two to four individuals appointed to represent the public point of view and presumably to appraise all proposed reductions to determine the effect thereof upon industry, agriculture, and labor.

Recently, the Trade Policy Committee has evolved a plan for a minor change in consultants at the site of the negotiations. Under this plan it is contemplated that there will be 12 advisers serving in Geneva in panels of 6 at a time and that these advisers will represent domestic industry, agriculture, labor, and the public during the negotiations. In addition to these two groups of six advisers, the present policy contemplates that there may be a group of consultants at some distance from the site of the negotiations, namely in Washington, who may be called upon for information.

The effect is that reductions in rates of duty on textile commodities or on the commodities of any other industry may be negotiated without the presence in Geneva of, and without advice and consultation at that site from, anyone familiar with the industry.

Recommended procedures

Having now reviewed the procedure by which our textile products are subject to reductions in duties in GATT negotiations, we desire to point out a procedure which we believe to be more fair and equitable to domestic industry and more in accord with the expressed desires of the Congress and with the purpose and tenor of this committee's 1959 report.

We believe that it was contemplated in this committee's 1959 report that the Interagency Texile Committee would be consulted on the preparation of an "offer list" and that the Interagency Texile Committee would have the benefit of consultation with the Textile Advisory Committee. Upon such consultation, the Interagency Textile Committee could have been advised by representatives of each fiber not only of the effect of reductions in rates of duty on that fiber but the effect of reductions in rates of duty on other fibers. The authorities preparing the "offer list" would have been advised not only as to the injury to the American textile industry but as to the identity of the chief beneficiary of any concession.

Government officials dealing with present inadequate statistics on imports of specific commodities of this industry cannot, it is respectfully submitted, make independently the same evaluations of duties as could be obtained by conferring with producers of the affected commodity and producers of competing textile commodities.

In the case of the proposed reductions in rates of duty on manmade fibers, it would have been established beyond doubt that the principal potential beneficiary would be Japan, a nation which has not asked that the duties on manmade fibers be reduced.

The conclusion is obvious that, if the trade agreement is to be reciprocal, little or nothing may be expected from Japan in reciprocity for a concession which it does not seek and certainly a reduction which inures principally to the benefit of Japan will induce no other country to make any important reciprocal concession.

The potential imports as a result of decreased duties could have been estimated by demonstrating to the Trade Agreements Committee the excess productive capacity of Japan and other nations.

There is attached hereto chart 2 from our memorandum filed with the Tariff Commission which shows the rate of increase in productive capacity in Japan, in the nations of the European Free Trade Association, and of the European Economic Community for the production of cellulosic fibers. This chart also shows the decline in the U.S. productive capacity for the same commodities. The chart, which covers the period from 1955 through 1959, if brought up to date, would show a further decline in U.S. productive capacity for cellulosic fibers and a further increase in foreign productive capacity.

There is also attached hereto chart 3, taken from the same memorandum, which shows for the same period of years the increase in productive capacity for noncellulosic fibers in the same areas and in the United States. The chart indicates a tremendous increase in Japanese productive capacity, a considerable increase in capacity of the nations in the European Economic Community, and an increase in the U.S. productive capacity only slightly in excess of the in-

crease in the nations of the European Free Trade Association. Since all of the foreign nations are increasing capacities beyond their domestic needs, the excess must go to exports and the United States is the preferred export market. This industry could have demonstrated, if it had the opportunity, that the United States has less than 30 percent of the world's productive capacity for manmade fibers, and more than 20 percent of such capacity is presently idle. We supply less than 10 percent of the world's exports of manmade fibers, but receive approximately 25 percent of the aggregate imports of the world's fiber-producing countries. Japan has more than 46 percent of the world's excess productive capacity, which is equivalent to approximately 33 percent of the U.S. productive capacity and, if used for the production of fibers for export to the United States, would cause the idle productive capacity in the United States to increase to more than 50 percent.

To illustrate graphically the production and excess capacity of the United States, Japan, the European Economic Community, and the European Free Trade Association, we attach hereto chart 5 from our memorandum filed with the Tariff Commission.

The data from which these charts were prepared are attached hereto as exhibit D.

There might also have been demonstrated before the "offer list" was prepared that many countries of Europe have restricted imports of manmade fibers and other products from Japan and other low-cost nations, leaving the United States as the almost inevitable market for surplus production.

The impossibility of maintaining the high-wage scales and the high standard of living of this country in competition with low labor cost countries could have been established by showing the following comparison of foreign wage data prepared by the U.S. Department of Labor with wages in this country:

Manmade fiber production workers estimated hourly wage and fringe benefits [1]

		Date
Japan	$0.21	February 1960
Italy	0.67	March 1959
West Germany	0.66	March 1959
United Kingdom	0.84	October 1959
United States	2.66	1959

[1] Slight increases in the labor costs in Japan, West Germany, and the United Kingdom, as well as increases in the U.S. labor costs, and lower costs in Italy, since the dates of the above data are shown in the attached exhibit E.

Recognizing that there is always some conflict of opinion on hourly wages and the cost of fringe benefits, we took data from governmental sources except data for our own industry available through Textile Economics Bureau, Inc.

It seems to be unnecessary to enter into any discussion concerning possible errors in the U.S. Government data on foreign labor costs, as it is incredible that there could be in the U.S. official data errors of such magnitude that they could seriously affect the comparison.

Our presentation at that time would have shown that if the Japanese worker received double the total estimated wages given above and if he were only one-half as productive as the American worker the labor cost still would not have amounted to one-third the American labor costs; and that if the workers in Italy, West Germany, and the United Kingdom attained only one-half the productivity of the American worker the labor cost in Italy and West Germany would still have been less than one-half that in the United States, and in the United Kingdom only slightly more than one-half.

It is impossible to contemplate any degree of error in labor costs or variance in productivity which would bring the foreign labor cost even close to that of domestic labor.[1]

The problem of Japanese competition in the textile field, apparently not well recognized by those who prepared the "offer list," was well stated by the Honorable Douglas Dillon, then Under Secretary of State, following a visit to Japan, in a television interview on June 19, 1960, as follows:

"Certainly it's true that the Japanese wage scale is much lower, and that if they so desired to concentrate on certain areas they could produce certain things, such as textiles, far cheaper than we can, and could flood our markets. The

[1] The same is true of changes in rates of hourly pay shown in exhibit E.

Japanese have been aware of that, and we have worked with them, and they have taken action, good action, to control their exports so that they will not disrupt markets, not go too heavily into any one area."

The significance of the Japanese ability to "flood our markets" is of particular importance when it is considered that the Japanese, as the then Under Secretary of State noted, may be selective in determining the portions of our markets which they will invade, and we depend upon Japan's "good action" not to disrupt our textile markets. Without changing to any great degree the total volume of exports from Japan to the United States, they can at their will concentrate such exports in any selected field so as to usurp that market.

When it is considered that the Japanese exports of rayon and acetate filament yarn to the United States in the first 5 months of 1959 amounted to 0.7 percent of the total imports of such products, and in the first 5 months of 1960 amounted to 79.7 percent of imports of rayon and acetate filament yarn, then, naturally, one wonders at what point, if any, will the Japanese be satisfied and take "good action to control their exports so that they will not disrupt" the domestic market for manmade fibers.

When any foreign nation in its uncontrolled discretion can flood the markets of this country with low labor cost goods, then no concessions in rates of duties should be made for the benefit of that nation.

We believe that the recommendation for consultation at the initial stages of preparation for trade agreement negotiations is within the scope of the first recommendation of this committee in its 1959 report. It appears to us that this committee intended that there be created a permanent interagency textile committee to deal with "all new textile developments and of their probable consequences" and that this interagency committee work in cooperation with a textile advisory committee. By including within the functions of the interagency committee "a continuing review of the administration of Federal policies which affect the domestic textile industry," it must be considered that this committee contemplated participation in such important matters as trade agreement negotiations and the preparations therefor.

Congressional intent re consultation

The present provisions for the attendance at the site of negotiations of some six representatives of American industry, agriculture, labor, and the public appear to us to be not only inadequate but contrary to the purpose and intent of the Congress of the United States as stated in the Trade Agreements Extension Act of 1958:

> "It is hereby declared to be the sense of the Congress that the President, *during the course of negotiating* any foreign trade agreement under this section, should seek information and advice with respect to such agreement from representatives of industry, agriculture, and labor." [Emphasis added.] (Subparagraph [f] of sec. 1351, title 19, U.S.C.A.)

The foregoing declaration of congressional policy was made, as indicated in the report of the House Ways and Means Committee, after full recognition of the past policy of appointing a small number of public advisers and was clearly intended to include information and advice from experienced persons representative of industry, agriculture, and labor.

Thereafter, the Senate Committee on Appropriations in its report on H.R. 11666, the appropriations bill for the Department of State and other agencies of the Government, strongly expressed its disappointment that the foregoing expression of congressional intent had not been followed, by stating:

> "*International tariff negotiations* * * *
>
> "The committee is concerned by the fact that no real effort appears to have been made to utilize the services and abilities of highly qualified businessmen *at these conferences* and feels strongly that in the use of this appropriation, greater utilization should be made of available outstanding business authorities." [Emphasis added.] (Rept. 1777, 2d sess., 86th Cong.)

Assuming that, in the group of six advisers to be at Geneva, there will be an appropriate division between the public and agricultural, industrial, and labor interests, we doubt that our Government may find and secure the services of one or two individuals who can be completely representative of every American industry and qualified to evaluate the effect of proposed reductions in duties on all products of all our industries. We appreciate that there cannot be a corps of consultants and advisers amounting to one for each of 2,500 or more items on the "offer list" but we submit that each major industry of the United States should be represented by an adviser who could, as need arises, secure detailed information concerning any commodity by contacting representatives of his industry in the

United States. If such consultants were allowed to serve on a rotating basis, we have no doubt that every affected industry could supply qualified representatives.

VOLUNTARY QUOTAS

The establishment of "voluntary quotas" on Japanese exports of textiles which has recently been advocated by the Secretary of Commerce, according to press reports, is no proper or adequate answer to the problem created by increasing imports of textiles. In the first place, the control of our duties and imports should rest with the Congress of the United States and not on the agreement of the foreign nation. In the second place, such quotas on Japanese exports to this country give no security against excessive imports from Italy, India, or other low-cost nations.

The rapid increase in India's production and productive capacity for cellulosic fibers is shown by the following data:

Year:	*Production (pounds)*
1952	8,000,000
1959	81,400,000

Year:	*Productive capacity (pounds)*
1960	97,000,000
1961	165,100,000

Source: Textile Economics Bureau, Inc.

As India increases its textile production, the wages and costs in Japan and Italy will by comparison appear high and yet such textiles could compete in the United States market if the quota were only a voluntary restriction accepted by Japan.

RECOMMENDATIONS

We respectfully recommend that this committee sponsor legislation to provide that—

(1) There be created a permanent Interagency Textile Committee composed of representatives of the agencies enumerated in the 1959 report of the committee to function within the scope of this committee's recommendation.

(2) The Textile Advisory Committee be expanded to include representatives of each major segment of the textile industry, with authority to create appropriate subcommittees as needed.

(3) The Trade Agreements Committee and any other officials engaged in the compilation of an "offer list" be required to consult with the Textile Advisory Committee and the Interagency Textile Committee (*a*) before the publication of any tentative "offer list" of textiles on which the United States is willing to make reductions in duty and (*b*) before the preparation of any final "offer list."

(4) At the time of the publication of any tentative "offer list" of textiles on which the United States is willing to make reductions in duty, there be published also the name or names of the principal potential beneficiary nation or nations.

(5) In all cases in which the Tariff Commission finds that, under existing duties, an industry is at its so-called peril point on any of its products, such findings be published.

(6) In all cases where products published on the tentative "offer list" are removed after hearings before the Tariff Commission and the Committee for Reciprocity Information, such fact be also published.

(7) Every major segment of every basic industry be permitted to supply consultants and advisers to be consulted by the negotiating team at the site, and during the course, of trade agreement negotiations.

(8) Quotas on textile imports be established as recommended by the committee in the 1959 report.

(9) In the compilation of statistics on imports, import entries be required to identify manmade fibers and products thereof by the generic names established by the Federal Trade Commission under the Textile Fiber Products Identification Act.

(10) Since attention to the committee's recommendation for an investigation of rates of depreciation now contained in Bulletin F of the Internal

Revenue Service is long overdue, the Secretary of the Treasury be requested to report on the rates of depreciation allowed in foreign nations and the reasons for lower rates in this country or his proposals to adjust present rates of depreciation.

(11) No reduction in any rate of duty on any commodity be authorized in any trade agreement except on a reciprocal concession from the principal prospective beneficiary or beneficiaries of such reduction, both the principal beneficiary or beneficiaries and the reciprocal concessions to be so identified by the President at the time of the issuance of his proclamation making effective such trade agreement.

CONCLUSION

The basic concept in our recommendations is that it is now necessary that all stages of the negotiations of trade agreements be brought more directly under the control of the Congress. This industry is very much concerned by the present trend in economic thinking, particularly as relates to tariff, as exemplified in the summary statement recently prepared by the staff of the Senate Committee on Interstate and Foreign Commerce which contemplates with equanimity the liquidation of any domestic industry whenever, in the judgment of those executing the trade agreements program, such liquidation is in the national interest as defined in such summary, a theory for which there is no sanction in the Trade Agreements Act.

The Congress is now being urged by various writers on economic subjects and others to accept the concept that any duty is an unjustifiable barrier to international trade. In lieu of protection of American industry, American labor, and American standard of living, Congress is being urged to accept the theory that remedial measures to alleviate distress may be considered as a proper substitute.

In the administration of the Trade Agreements Act, the administrative officers of our Government, acting for the President on the limited legislative power delegated by the Congress to the President, appear to have lost sight of the fact that the power to determine rates of duty rests exclusively with the Congress. These administrative agencies are authorized by the President to negotiate trade agreements and to advise and recommend to him adjustments in duties. The President then may act only in accordance with standards and within limits established by the Congress. In this field there is no other expressed, implied, or inherent right in the President.

We suggest that the time has come for the Congress as the principal to make its desires known to these agents not by recommendation but by direction.

Respectfully submitted.

MAN-MADE FIBER PRODUCERS ASSOCIATION, INC.,
MATTHEW H. O'BRIEN, *President.*

Eugene L. Stewart,
Miriam Williams,
Counsel.

EXHIBIT A

MEMBERS, MAN-MADE FIBER PRODUCERS ASSOCIATION, INC.

Allied Chemical Corp., National Aniline Division, 261 Madison Avenue, New York, N.Y.
American Cyanamid Co., 111 West 40th Street, New York, N.Y.
American Enka Corp., 350 Fifth Avenue, New York, N.Y.
American Viscose Corp., 350 Fifth Avenue, New York, N.Y.
Celanese Corp.. of America, 180 Madison Avenue, New York, N.Y.
The Chemstrand Corp., 350 Fifth Avenue, New York, N.Y.
Courtaulds (Alabama) Inc., 600 Fifth Avenue, New York, N.Y.
The Dow Chemical Co., James River Division, Williamsburg, Va.
E. I. du Pont de Nemours & Co., Inc., Textile Fibers Department, Wilmington, Del.
Hartford Fibres Co., division of Bigelow-Sanford, Inc., 140 Madison Avenue, New York, N.Y.
Industrial Rayon Corp., 660 Union Commerce Building, Cleveland, Ohio.
New Bedford Rayon Division, Mohasco Industries, Inc., Post Office Box 908, New Bedford, Mass.
Tennessee Eastman Co., Eastman Chemical Products, Inc., Kingsport, Tenn.
Union Carbide Chemicals Co., 270 Park Avenue, New York, N.Y.

EXHIBIT B

Man-made-fiber-producing plants

Plant location	Fibers produced	Approximate population
South:		
Alabama:		
Childersburg	Rayon	4,000
Le Moyne (Mobile County) [1]	do	
Decatur	Acrylic	20,000
Florida:		
Jacksonville	Nylon, olefin, saran	205,000
Pensacola	Acrylic, nylon	44,000
Georgia: Rome	Rayon, acetate	30,000
Maryland:		
Cumberland	Acetate, triacetate	38,000
Odenton	Nylon, olefin, saran	1,000
North Carolina:		
Enka	Rayon, nylon	1,800
Gastonia	Spandex	23,000
Kinston	Polyester	18,000
Shelby	do	16,000
South Carolina:		
Camden	Acrylic	7,000
Fairmont	Olefin	250
Greenwood	Nylon	14,000
Irmo	do [2]	360
Rock Hill	Acetate, triacetate	25,000
Spartanburg	Olefin	37,000
Winnsboro	Nylon	3,300
Tennessee:		
Chattanooga	do	131,000
Elizabethton	Rayon, nylon,[3] olefin, polyester	11,000
Kingsport	Acetate, modacrylic, polyester	25,000
Lowland [1]	Rayon	
Old Hickory	Polyester	10,000
Virginia:		
Chesterfield	Nylon	200
Covington	Olefin	6,000
Front Royal	Rayon	8,100
Hopewell	Nylon, olefin, saran	10,000
Martinsville	Nylon	17,000
Narrows	Acetate	3,000
Richmond	Rayon, nylon, TFE fluorocarbon	230,000
Waynesboro	Acetate, acrylic, olefin, saran Spandex	12,000
Williamsburg	Acrylic, nylon	7,000
West Virginia:		
Nitro	Rayon	3,300
Parkersburg	do	30,000
South Charleston	Modacrylic	17,000
New England:		
Connecticut:		
Rocky Hill	Rayon	5,000
Stamford	Acrylic [3]	75,000
Massachusetts: New Bedford	Rayon	109,000
Rhode Island: Providence	Olefin	250,000
Vermont: Fair Haven	Rayon	2,000
Middle Atlantic:		
Delaware:		
New Castle	Olefin	5,400
Seaford	Nylon	3,000
New Jersey:		
Metuchen	Olefin	9,900
Union	Nylon, olefin	38,000
New York:		
Canandaigua	Nylon, olefin, Vinyon	8,500
Rochester	Olefin, Vinyon	333,000
Utica	Rayon	102,000
Pennsylvania:		
Lewistown	do	14,000
Meadville	Acetate, Vinyon	19,000
Scranton	Nylon	126,000
Central:		
Iowa: Spirit Lake	Nylon, olefin	2,700
Michigan: Midland	Saran	14,000
Ohio:		
Avon Lake	Nytril [3]	4,000
Cleveland	Rayon, olefin [3]	915,000
Painesville	Rayon	14,000

[1] Not a town.
[2] Under construction.
[3] Pilot plant.

EXHIBIT C

Imports, domestic shipments, and domestic production—Manmade fiber filament yarn, staple, and tow, 1954–60

[Thousands of pounds]

	Cellulosic			Noncellulosic		
	Imports	Domestic shipments	Production	Imports	Domestic shipments	Production
1954	60,574	1,094,200	1,085,700	489	273,400	284,600
1955	174,337	1,244,800	1,260,700	792	354,500	379,300
1956	93,571	1,107,400	1,147,900	694	389,600	400,300
1957	84,805	1,092,300	1,139,400	1,660	469,200	515,700
1958	84,269	1,030,000	1,021,900	3,561	467,500	490,500
1959	117,151	1,136,500	1,167,800	6,519	585,100	645,300
1960 [1]	61,200	993,800	1,028,500	4,600	607,400	676,100

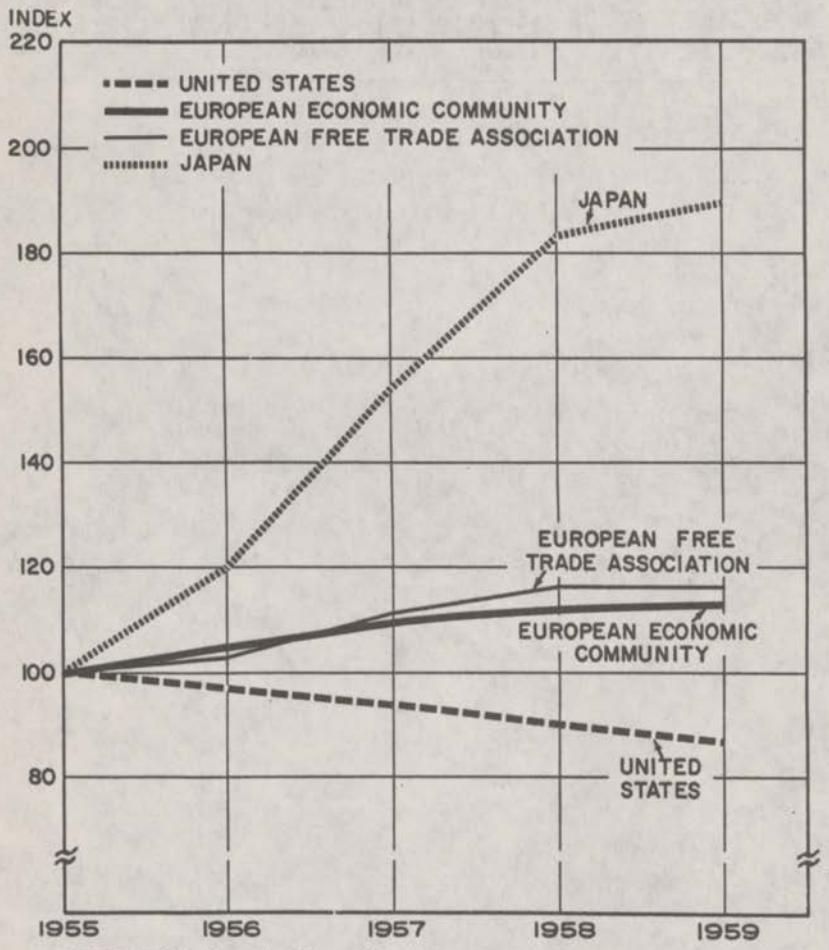
[1] Estimated.

Source: Textile Economics Bureau, Inc.

CHART 2

INDEX OF CELLULOSIC CAPACITIES, U.S. AND SELECTED AREAS

1955=100

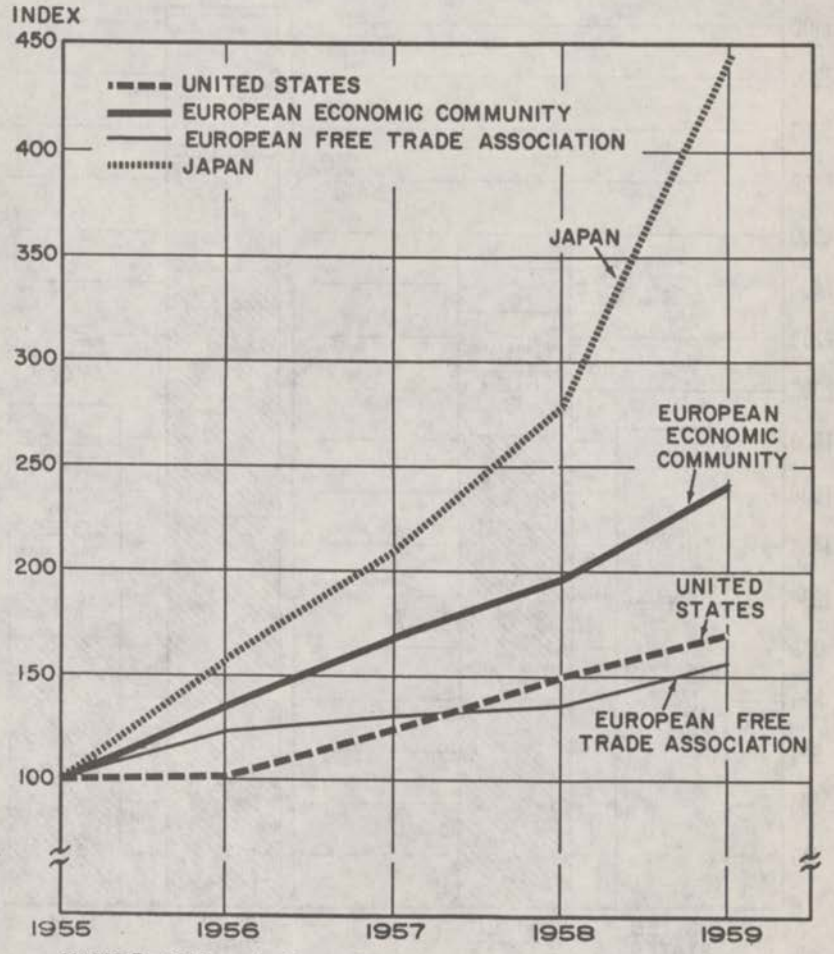


SOURCE: *Textile Economics Bureau, Inc.*

CHART 3

INDEX OF NON-CELLULOSIC CAPACITIES, U.S. AND SELECTED AREAS

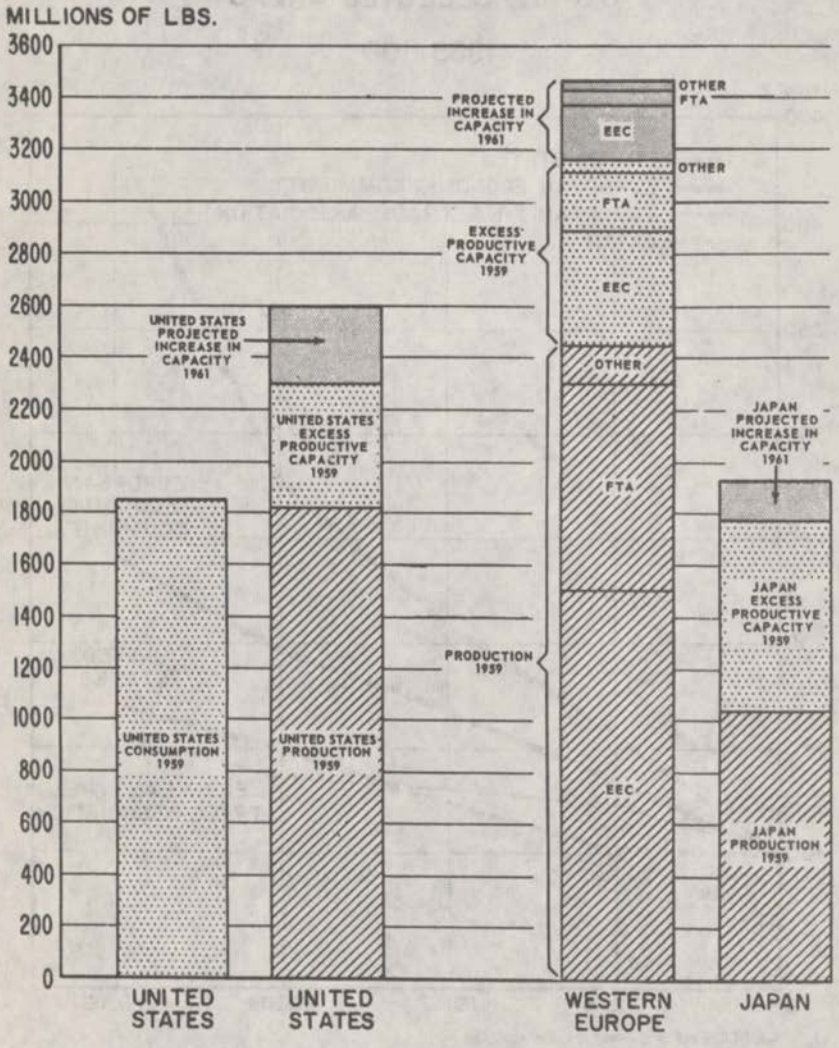
1955=100



SOURCE: *Textile Economics Bureau, Inc.*

CHART 5

PRODUCTION AND EXCESS CAPACITY MAN MADE FIBERS UNITED STATES AND SELECTED AREAS



Source: Textile Economics Bureau, Inc.

EXHIBIT D

Capacity for the production of manmade fibers

[In millions of pounds]

	1955	1956	1957	1958	1959
United States:					
Cellulosics	1,654.5	1,605.8	1,558.5	1,485.0	1,446.3
Noncellulosics	502.0	507.5	616.5	753.6	853.6
Total	2,156.5	2,113.3	2,175.0	2,238.6	2,299.9
Japan:					
Cellulosics	804.0	965.5	1,235.0	1,471.6	1,526.6
Noncellulosics	56.4	88.9	117.0	156.0	251.0
Total	860.4	1,054.4	1,352.0	1,627.6	1,777.6
European Economic Community:					
Cellulosics	1,494.7	1,566.3	1,637.4	1,671.2	1,691.2
Noncellulosics	112.2	151.8	188.3	221.5	270.9
Total	1,606.9	1,718.1	1,825.7	1,892.7	1,962.1
European Free Trade Association:					
Cellulosics	762.6	782.4	842.7	886.9	887.2
Noncellulosics	79.3	97.7	103.4	108.0	123.9
Total	841.9	880.1	946.1	994.9	1,011.1

Source: Textile Economics Bureau, Inc.

EXHIBIT E

Manmade fiber production worker hourly costs, United States and selected foreign countries

	Estimated hourly wage	Fringe benefits	Total estimated man-hour labor costs	Date
Japan	$0.26	(1)	$0.26	August 1960.
Italy	.35	$0.27	.62	September 1959.
West Germany	.62	.16	.78	August 1960.
United Kingdom:				
Men	.89	.11	1.00	April 1960.
Women	.48	.06	.54	Do.
Youth and boys	.44	.05	.49	Do.
Girls	.35	.04	.39	Do.
United States	2.30	.46	2.76	1960 average.

[1] Not available.

Sources: Foreign wage data: Division of Foreign Labor Conditions, BLS, U.S. Department of Labor. U.S. wage data: Division of Manpower and Employment Statistics, BLS, U.S. Department of Labor. U.S. fringe benefits figure: Textile Economics Bureau, Inc.

UNITED STATES TARIFF COMMISSION

AND

COMMITTEE FOR RECIPROCITY INFORMATION

STATEMENT IN OPPOSITION

TO

REDUCTIONS IN RATES OF DUTIES

ON

ARTICLES COVERED BY
PARAGRAPHS 1301, 1302, 1303, 1305 AND 1312
OF THE TARIFF ACT OF 1930, AS AMENDED

MAN-MADE FIBER PRODUCERS ASSOCIATION, INC.
By MATTHEW H. O'BRIEN,
President

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New York (1), N. Y.
Counsel

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UNITED STATES TARIFF COMMISSION
AND
COMMITTEE FOR RECIPROCITY INFORMATION

Statement In Opposition
to
Reductions In Rates of Duties
on
Articles Covered By
Paragraphs 1301, 1302, 1303, 1305 and 1312
of the Tariff Act of 1930, As Amended

To supplement the information filed June 27, 1960, with the Committee for Reciprocity Information, the Man-Made Fiber Producers Association, Inc. presents this statement to the United States Tariff Commission and the Committee for Reciprocity Information on behalf of its members, the principal producers of man-made fibers in the United States, in opposition to any further tariff reductions on the articles covered by Paragraphs 1301, 1302, 1303, 1305 and 1312 of the Tariff Act of 1930, as amended, which appear on the published list of articles proposed for consideration in the forthcoming trade agreement negotiations.

INTRODUCTION

Character of the Industry

The manufacture and sale of man-made fibers constitutes in many respects a single industry but, on the other hand, considering the number and variety of fibers produced, the production and sale of each fiber may in some respects be considered an industry, certainly from the point of view of injury from imports. With very few exceptions all the producing organizations are engaged in the manufacture and sale of more than one type of fiber and each subdivision of such producing organization may be considered a domestic industry within the meaning of the Trade Agreements Extension Act, as amended, under the definition in Section 7(e) thereof.

Rayon Staple Fiber Industry

While the industry in general is not now asking for the modification or withdrawal of all presently existing tariff concessions on its products, the producers of rayon staple fiber, acting through the Rayon Staple Fiber Producers Association, are asking that, as permitted by Article XXVIII of the General Agreement on Tariffs and Trade, the presently existing tariff concessions on staple fiber be withdrawn. In their request this Association concurs. The principal support for the request for withdrawal of tariff concessions on staple fiber duties will, however, be presented by the Rayon Staple Fiber Producers Association through its counsel.

It is believed that the existing concessions in duties have promoted the importation of staple fiber to such an extent that it is presently causing, and now threatens to cause further, serious injury to the domestic rayon staple fiber producing organizations.

With reference to the other man-made fibers, hereinafter enumerated, it is the position of the industry that it is at the "peril point" and no reductions in rates of duties may be made without causing a threat of serious injury to domestic industry and to the producers of fibers directly competitive with man-made fibers, i. e. cotton and wool.

Factors to be Determined by the Commission

Maximum Increase in Imports

Under Section 3(b)(2) of the Act the United States Tariff Commission is directed to establish, "to the extent practicable," "the maximum increase in annual imports which may occur without causing serious injury to the domestic industry . . .". As we propose to show hereafter, to the extent that any practical estimate may be made by the Commission, it must be based upon trends of imports and excess productive capacity in foreign nations indicative of the competitive strength of foreign fibers under existing duty rates.

Value of Calendar Year Data

Among other factors, the Commission is in Section 3(b)(2) specifically directed, to the extent practicable, and without excluding other factors, to ascertain certain price data "for the last calendar year preceding" the current investigation. The specific mention in the statute of this factor indicates that undue importance may be given to the data relating to the last calendar year. While we are engaged in hearings in August 1960, the negotiations will be taking place during the first nine months of 1961. The reductions in duties, if any, on the products of this industry will probably not become effective until some date in 1962. In 1961, data concerning prices, production, imports and exports in 1959 will be of only historical value.

For example, the imports of non-cellulosic filament yarn under present rates of duties, principally from Western Europe into this country in 1954, amounted to 322,000 pounds but in 1959 had increased approximately tenfold to 3,198,000 pounds. No estimate of such imports in 1960, 1961 or 1962 may be made with any reasonable hope of accuracy.

Principal Suppliers

In the same Section of the Act, the Commission is authorized to secure from "the executive departments and agencies . . . information in their possession concerning prices and other economic data from the principal supplier foreign country . . . ". The time element is of utmost importance here. It is significant that the Congress did not restrict the term "principal supplier" to the country holding that position in the "last calendar year" preceding the current investigation. The principal supplier country in 1958 and 1959 may be a minor supplier in 1960, 1961 and 1962.

For example, in 1959, West Germany was the principal supplier of rayon staple fiber to this country and Japan ranked thirteenth. Japan exported to the United States 79,000 pounds in 1959 but in May of 1960 the Japanese exports of this commodity to the United States amounted to 538,000 pounds, moving to fourth place in the list of countries exporting that fiber to this country. West Germany, a member of the European Economic Community, remained in first place followed by Austria and Sweden, members of the European Free Trade Association, as second and third.

In 1959, imports of rayon staple fiber from Japan amounted to less than one-tenth of one percent of the total United States imports of the fiber and, while the latest available figures show a tremendous increase in exports by Japan in the first five months of 1960 as noted above, the total amount of such Japanese exports for the year 1960 is entirely speculative. It is not, however, speculative that Japan may be expected to attain the position of future principal supplier, as the increased imports in 1960 have come from an excess productive capacity sufficient to supply the total domestic consumption of the staple fiber.

While Western European countries have been the principal suppliers of man-made fibers to the United States market, Japan has such an enormous excess productive capacity and has been exhibiting such a strong increasing trend in both productive capacity and exports to the United States that concessions, if made to Western European countries, would probably produce even greater imports from Japan than from Western Europe.

It will, therefore, be necessary for the Commission in its determination not to identify to the extent practicable the foreign nation which in the past has been the principal supplier of each fiber, but to estimate what nation or nations may be the principal supplier or suppliers at the time of the negotiations or, even more importantly, after the reduced rates of duty may become effective.

Determination of Peril Point re Cotton and Wool

The United States Court of Customs and Patent Appeals has recently indicated, in the case of U. S. v. Schmidt Pritchard & Co., et al, Customs Appeal #4980, that the Trade Agreements Act of 1951, as amended, is to be considered as a whole, *"in light of its expressed purposes."* Among the expressed purposes of the Act is the expansion of "foreign markets for the products of the United States *(as a means of assisting in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce)* . . . ". Therefore, it becomes pertinent to consider, in connection with the current investigation, the effect on cotton and wool of reductions in rates of duties on man-made fibers.

The Commission is under Congressional mandate not only to determine, to the extent practicable, "the maximum increase in annual imports which may occur without causing serious injury to the domestic industry" producing man-made fibers but also to estimate the maximum increase which may occur without causing injury to "the domestic industry producing like *or directly competitive articles.*" Cotton and wool fall into the categories of directly competitive articles. Thus, the Tariff Commission under the statute must not only determine the peril point for this industry on imports of man-made fibers but also the peril points for the cotton and wool industries.

For the foregoing reasons, this statement will deal with the threat of serious injury through a consideration of trends of imports, foreign excess productive capacity, potential exportable surpluses, and restrictions against exports from certain nations to certain other nations, considering the effect of increased imports not only upon the man-made fiber producing organizations but also upon cotton and wool industries, on the communities in which man-made fiber plants may be located, on employment, on matters of defense, and on the general welfare, in the light of the debtor nation status of the United States.

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I. THE ARTICLES LISTED IN PARAGRAPHS 1301, 1302, 1303, 1305 AND 1312 OF THE TARIFF ACT OF 1930, AS AMENDED, INCLUDE ALL OF THE PRODUCTS OF THE DOMESTIC MAN-MADE FIBER PRODUCING INDUSTRY.

The products of this industry included in the "Offer List" embrace all man-made fibers presently manufactured in the United States and new fibers hereafter developed. The term "rayon or other synthetic textile" used therein encompasses all imported man-made fibers in competition with the following domestically produced fibers:

Cellulosic fibers

—rayon, including the fibers produced by saponification of acetate and the recently developed cross-linked, high wet modulus and shrink resistant viscose fibers;

—acetate;

—triacetate.

Non-cellulosic fibers

—nylon, whether nylon 6, 66 or other varieties;

—acrylic fibers;

—modacrylic fibers;

—polyester fibers;

—olefin fibers;

—nytril fibers;

—saran fibers;

—spandex fibers;

—vinyon fibers;

—other polyvinyl fibers.

Man-made fibers, as primary materials for the textile industry in the United States, are produced in the following physical forms:

a) staple fibers—short fibers, in lengths similar to cotton and wool;

b) monofilaments—continuous lengths of single fibers;

c) grouped filaments and tow—multiple continuous filaments;

d) filament yarns.

Each of these forms of man-made fibers is made and sold in a variety of weights and sizes. Some are also given special processing which imparts texture, crimp, or bulk to them for particular applications. Many fibers are used in fabrics made from a single fiber. Other fabrics are made from blends or combinations of different kinds of man-made fibers, and still others are manufactured from blends or combinations of man-made fibers with one or more natural fibers.

II. RELATIVE UNITED STATES CONSUMPTION OF NATURAL AND MAN-MADE FIBERS

The following Chart 1 shows the relative United States consumption of cotton, cellulosic and non-cellulosic man-made fibers and wool:

CHART 1

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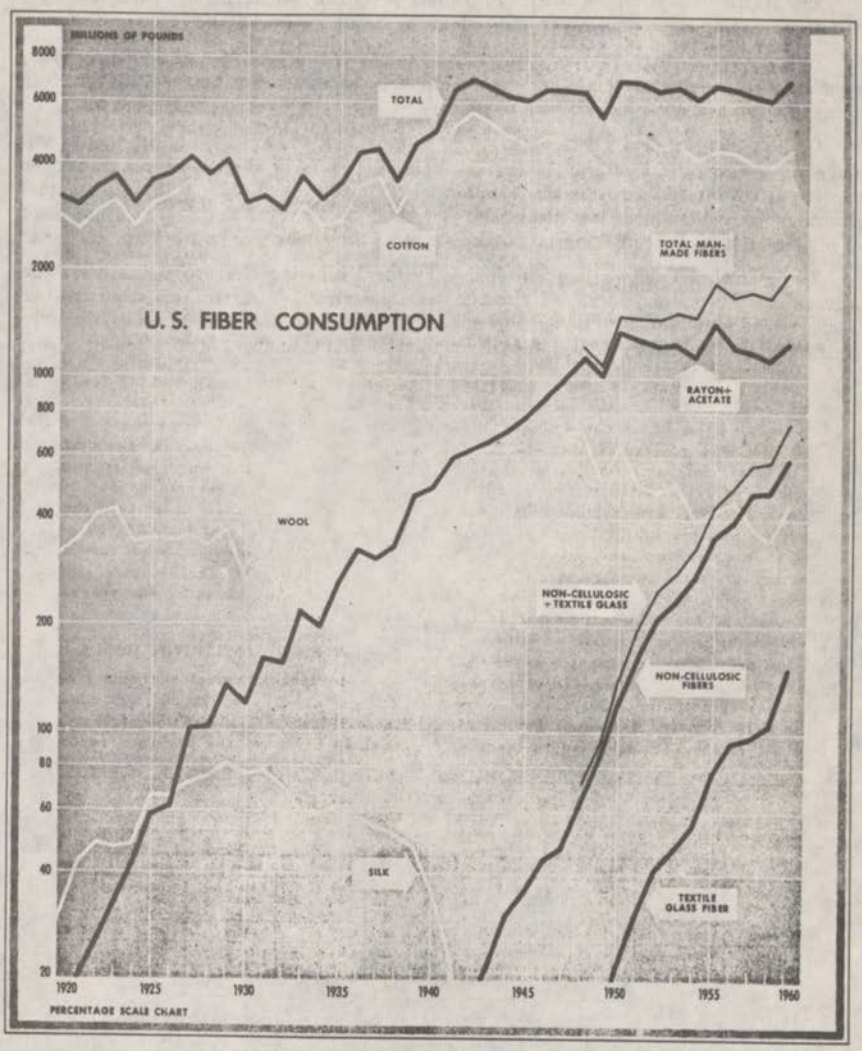


End-Uses of Man-Made Fibers

Man-made fibers alone or in blends or combinations with other man-made fibers or natural fibers are consumed in all textile fields such as apparel, home furnishings and in industrial applications.

The textile uses of man-made fibers include practically all forms of men's, women's and children's apparel, underwear and outerwear, including work clothing.

In home furnishings, fabrics made with man-made fibers are used in floor coverings, upholstery, draperies, sheets, pillow covers, blankets, bedspreads, towels and other textile household articles.

In the industrial field, fabrics made with man-made fibers are used in the seat upholstery, rugs, side walls, head linings, slip covers, and the tops of automobiles; in passenger car, truck, tractor and airplane tire cord; in hose, conveyor and other belting, tents, tarpaulins, filter cloths, electrical insulation, fish nets, twine, rope, hawsers, reinforcement of plastics, felt for roofing material, and many other uses including military applications.

The following Tables 1 and 2 prepared by the Marketing Research Division of the Agricultural Marketing Service, United States Department of Agriculture, contained in Technical Bulletin No. 1210, issued November 1959, illustrate the relative consumption in millions of pounds and by percentages of man-made and other fibers in specified end-uses:

TABLE 1

Fiber consumption in the manufacture of specified end-use products, United States, specified years, 1937–57

End use and fiber	Amount					
	1937	1949	1951	1953	1955	1957
Apparel:	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
Men's and boys':						
Cotton	808. 5	848. 1	884. 2	993. 1	1, 019. 0	970. 3
Wool	209. 5	180. 6	183. 5	195. 5	182. 2	179. 1
Manmade	34. 0	112. 3	164. 5	173. 3	162. 4	174. 2
Total	1, 052. 0	1, 141. 0	1, 232. 0	1, 361. 9	1, 363. 6	1, 329. 6
Women's and misses':						
Cotton	269. 8	323. 4	322. 8	414. 4	462. 7	470. 3
Wool	90. 4	149. 2	123. 7	130. 2	138. 0	136. 7
Manmade	171. 7	324. 1	388. 5	336. 9	312. 8	324. 0
Total	531. 9	796. 7	835. 0	887. 5	913. 5	931. 0
Children's and infants':						
Cotton	178. 0	192. 4	223. 8	258. 0	269. 6	282. 2
Wool	19. 0	31. 0	28. 3	30. 8	28. 6	28. 3
Manmade	11. 2	26. 5	31. 0	36. 1	42. 0	40. 7
Total	208. 2	249. 9	283. 1	324. 9	340. 2	351. 2
All apparel:						
Cotton	1, 256. 3	1, 363. 9	1, 430. 8	1, 665. 5	1, 751. 3	1, 728. 8
Wool	318. 9	360. 8	335. 5	362. 5	348. 8	344. 1
Manmade	216. 9	462. 9	584. 0	546. 3	517. 2	538. 9
Total	1, 792. 1	2, 187. 6	2, 350. 3	2, 574. 3	2, 617. 3	2, 611. 8
Home furnishings:						
Cotton	816. 7	760. 8	880. 2	972. 2	1, 004. 9	980. 3
Wool	102. 4	219. 8	142. 8	183. 7	168. 0	150. 9
Manmade	28. 7	85. 5	161. 7	194. 3	309. 0	375. 3
Total	1, 007. 8	1, 066. 1	1, 184. 7	1, 350. 2	1, 481. 9	1, 515. 5
Other consumer-type products:						
Cotton	322. 1	303. 1	376. 1	431. 9	465. 6	451. 9
Wool	24. 7	78. 2	65. 2	64. 0	63. 0	66. 1
Manmade	77. 5	129. 7	137. 7	130. 0	141. 3	139. 2
Total	424. 3	601. 0	579. 0	625. 9	669. 9	657. 2
Industrial uses:						
Cotton	1, 255. 3	911. 3	1, 074. 5	746. 9	757. 2	688. 3
Wool	50. 3	70. 0	66. 0	46. 7	37. 6	33. 2
Manmade	13. 8	343. 0	438. 8	577. 7	612. 8	556. 8
Total	1, 319. 4	1, 324. 3	1, 579. 3	1, 371. 3	1, 407. 6	1, 278. 3
All end uses:						
Cotton	3, 650. 4	3, 429. 1	3, 761. 6	3, 816. 5	3, 979. 0	3, 849. 3
Wool	556. 3	728. 8	609. 5	656. 9	617. 4	603. 3
Manmade	336. 9	1, 021. 1	1, 322. 2	1, 448. 3	1, 580. 3	1, 610. 2
Total	4, 543. 6	5, 179. 0	5, 693. 3	5, 921. 7	6, 176. 7	6, 062. 8

TABLE 2

Fiber consumption in the manufacture of specified end-use products, United States, specified years, 1937–57

End use and fiber	Amount					
	1937	1949	1951	1953	1955	1957
Apparel:						
Men's and boys':	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Cotton	76. 9	74. 3	71. 8	72. 9	74. 7	73. 4
Wool	19. 9	15. 8	14. 9	14. 4	13. 4	13. 5
Manmade	3. 2	9. 9	13. 3	12. 7	11. 9	13. 1
Total	100. 0	100. 0	100. 0	100. 0	100. 0	100. 0
Women's and misses':						
Cotton	50. 7	40. 6	38. 7	46. 7	50. 7	50. 5
Wool	17. 0	18. 7	14. 8	15. 3	15. 1	14. 7
Manmade	32. 3	40. 7	46. 5	38. 0	34. 2	34. 8
Total	100. 0	100. 0	100. 0	100. 0	100. 0	100. 0
Children's and infants':						
Cotton	85. 5	77. 0	79. 0	79. 4	79. 2	80. 4
Wool	9. 1	12. 4	10. 0	9. 5	8. 4	8. 0
Manmade	5. 4	10. 6	11. 0	11. 1	12. 4	11. 6
Total	100. 0	100. 0	100. 0	100. 0	100. 0	100. 0
All apparel:						
Cotton	70. 1	62. 3	60. 9	64. 7	66. 9	66. 2
Wool	17. 8	16. 5	14. 3	14. 1	13. 3	13. 2
Manmade	12. 1	21. 2	24. 8	21. 2	19. 8	20. 6
Total	100. 0	100. 0	100. 0	100. 0	100. 0	100. 0
Home furnishings:						
Cotton	81. 0	71. 4	74. 3	72. 0	67. 8	64. 7
Wool	16. 1	20. 6	12. 1	13. 6	11. 3	10. 5
Manmade	2. 9	8. 0	13. 6	14. 4	20. 9	24. 8
Total	100. 0	100. 0	100. 0	100. 0	100. 0	100. 0
Other consumer-type products:						
Cotton	75. 9	65. 4	64. 9	69. 0	69. 5	68. 8
Wool	5. 8	13. 0	11. 3	10. 2	9. 4	10. 0
Manmade	18. 3	21. 6	23. 8	20. 8	21. 1	21. 2
Total	100. 0	100. 0	100. 0	100. 0	100. 0	100. 0
Industrial uses:						
Cotton	95. 2	68. 8	68. 0	54. 5	53. 8	53. 8
Wool	3. 8	5. 3	4. 2	3. 4	2. 7	2. 6
Manmade	1. 0	25. 9	27. 8	42. 1	43. 5	43. 6
Total	100. 0	100. 0	100. 0	100. 0	100. 0	100. 0
All end uses:						
Cotton	80. 4	66. 2	66. 1	64. 4	64. 4	63. 5
Wool	12. 2	14. 1	10. 7	11. 1	10. 0	10. 0
Manmade	7. 4	19. 7	23. 2	24. 5	25. 6	26. 5
Total	100. 0	100. 0	100. 0	100. 0	100. 0	100. 0

Adapted from Textile Organon (80).

III. INCREASED IMPORTS OF MAN-MADE FIBERS WILL CAUSE SERIOUS INJURY TO THE DIRECTLY COMPETITIVE DOMESTIC INDUSTRIES OF COTTON AND WOOL.

The following section of this statement establishes the direct relationship of man-made fibers to cotton and wool and presents the conclusions of the Marketing Research Division, Agricultural Marketing Service of the United States Department of Agriculture on the effect of increased supplies of man-made fibers on the consumption of cotton and wool.

Although all the products in the man-made fiber producing industry are included in the list of articles proposed for possible reductions in United States rates of duty, the "Offer List" omits some textile classifications such as broad woven fabrics of cotton and wool. The omission of some cotton and wool fabrics is undoubtedly in recognition of the fact that the textile industry of the United States has been caused considerable distress by rapid increase of imports under the existing reduced rates of duty. The important fact not recognized in the "Offer List" is the relationship between textile fibers. The inclusion of all man-made fibers on the "Offer List" indicates the failure to recognize the effects of increased imports of these products on cotton and wool.

In considering the proposed reductions in rates of duties on man-made fibers, it is essential that there be also considered the entire domestic textile production and the depressing fact that the favorable balance of trade on textile manufactures has changed from 1946-1950 when United States exports averaged 743 million dollars and imports averaged 182 million dollars to an adverse balance in 1959 of exports in the amount of 450 million dollars and imports in the sum of 630 million dollars.

The adverse change in the balance of trade on textiles, and the disruptive effects thereof on the domestic market, are the results of previous trade agreements which reduced duties on textiles.

Obviously, if the importation of textile manufactures had not so increased, then the consumption of domestic fibers would have increased through our own manufacturing processes. If, however, the importations of man-made fibers are increased by reduced duties, then such increases will have two effects, namely, to reduce the domestic production of man-made fibers and to invade further the markets for cotton and wool.

In 1945 the per capita consumption of man-made fibers, cotton, and wool in the United States was 29.6 pounds and in 1959 was 35.6 pounds, an increase of 6.0 pounds per capita. On comparison with the man-made fiber consumption in 1945 of 4.7 pounds per capita and in 1959 of 10.7 pounds per capita, it becomes obvious that the man-made fiber increased consumption of 6 pounds per capita is the amount of the increase in total consumption.*

Since the present rates of duties are no bar to the importation of man-made fibers into this country, the initial effect of further tariff reductions on the listed articles will be reductions in domestic prices of man-made fibers which will have an adverse effect on sales of domestic cotton and wool.

The cotton price support programs place domestic cotton at a disadvantage as supplies of man-made fibers increase and prices thereof decrease.

* Textile Economics Bureau, Inc.

This analysis of the potentially injurious effect of reductions in the rates of duties is supported by a recent report by the Marketing Research Division, Agricultural Marketing Service of the United States Department of Agriculture, "Changes in American Textile Industry," (Technical Bulletin No. 1210, 1959).

Discussing the directly competitive relationship between man-made fibers and American cotton and wool, the Department reports:

> "The competitive position of American cotton is adversely affected by marked increases in supplies and improvements in quality or suitability of man-made fibers available at attractive prices." (p. 6)

> "Marked increases in supplies and improvements in quality or suitability of manmade fibers adversely affect market outlets for wool as well as for cotton." (p. 13)

The Department's Marketing Service analyzes the significance of the price relationship between man-made fibers and American cotton, under the price support program, as follows:

> "Prices of many, if not most, manmade fibers have been reduced in recent years, whereas domestic prices of American cotton have been maintained at relatively high levels as a result of loans and adjustment programs. During the 5 years ended July 1939, equivalent prices of rayon staple fibers averaged 118 percent higher than those of Middling 15/16-inch cotton, but during the 5 years ended July 1952 they averaged 12 percent lower; during the five years ended July 1957, they averaged 16 percent lower, and during the year ended July 1958, they averaged about 20 percent lower. Similar changes occurred in the relationship between prices of rayon staple fibers and prices of Strict Middling 1 1/16-inch cotton. Declines in prices of acetate, nylon, Dacron, Orlon, and other manmade fibers in recent years have been about as great as, or greater than, those of rayon." (p. 7)

> "These declines in prices of manmade fibers in relation to domestic prices of American cotton have been associated with increases in mill consumption of manmade fibers in relation to consumption of cotton in the United States * * *. Average annual per capita consumption of manmade fibers increased from about 2.6 pounds, or about 10 percent of the amount of cotton consumed during the 5 years ended with 1939, to 8.9 pounds, or about 30 percent of cotton consumption, during the 5 years ended with 1952, and to 10 pounds, or about 39 percent of cotton consumption, during the 5 years ended with 1957. Per capita consumption of manmade fibers in 1958 totaled 9.7 pounds, or about 44 percent of the amount of cotton consumed." (p. 8)

The Marketing Service also stresses the relationship between domestic consumption of wool and the prices of directly competitive man-made fibers:

> "Prices of manmade fibers have declined during the 1950's in relation to domestic prices of wool. Prices of rayon staple fibers, for example, averaged about 36 percent of prices of fine good French combing and staple wool during the 5 years ended with 1938, declined to 21 percent during the 5 years ended with 1957, and then increased to 26 percent in 1958. Prices of other manmade fibers, especially the newer noncellulosic ones, have declined in recent years as much as, or more than, prices of rayon.

"Mill consumption of manmade fibers in recent years has increased markedly in relation to mill consumption of wool. In the United States, for example, mill consumption of manmade fibers increased from about 81 percent of that for wool during the 5 years ended with 1938 to about 363 percent for the 5 years ended with 1956 and to 500 percent in 1958. The greatest increases since 1950 have been in the newer synthetic fibers, which apparently are more directly competitive with wool than are rayon and acetate." (p. 13)

Thus, further reductions in the rates of duties on man-made fibers will increase imports which will displace not only domestic man-made fibers but also cotton and wool. Such further reductions in existing duties will unduly burden and restrict the domestic trade, not the foreign trade, of the United States.

IV. MAN-MADE FIBER INDUSTRY RESEARCH IS ESSENTIAL TO NATIONAL SECURITY.

The basis of the man-made fiber industry is chemical research. The results of such research have supplied the present fibers which have been employed in many military uses. The future military needs are being anticipated by research now in process.

In World War II and the Korean War, vast quantities of nylon were used for many military applications. Of approximately 1,800 military specifications for textile products, 600 call for the use of various man-made fibers. The nation cannot, however, survive on the production of the textile fibers used in the last wars any more than it can survive by the production of the arms and munitions used in the past.

Of the research which is not classified, we are at liberty to mention the fact that research scientists of this industry are now endeavoring to create and develop man-made fibers made necessary by developments in the fields of aircraft and missiles presenting requirements not heretofore encountered in the use of fibers. The new fibers must have such qualities as:

a) Ability to maintain strength at high temperatures over long periods;

b) Non-meltability;

c) Resistance to short-term high-intensity thermal radiation;

d) Gamma and neutron radiation resistance.

It is essential that the military services have human escape parachutes which will not melt if exposed to flash fires aboard aircraft. It is also essential that deceleration parachutes for aircraft do not deteriorate in storage by heat generated from jet exhaust, aerodynamic heat or when such parachutes are used at high air speeds. Similar qualities are needed for parachutes for missiles to avoid deterioration by aerodynamic or storage heat. It will shortly be necessary to have available parachutes which, when dropped from an altitude of 100,000 feet, will not become a molten mass due to generated heat.

In the field of tire cord, it is necessary that there be developed protection against the excessively high temperatures which will be built up by high speeds in flight and by impact of landing at high speeds.

The problem of heat generated by the high speeds of aircraft makes it necessary to develop fuel containers resistant to high temperatures.

For more efficient starting of jet aircraft, new and improved hose capable of withstanding high temperatures is needed.

For military personnel, similar problems arising from short-term high-intensity thermal radiation caused by the heat waves of atomic blasts must be met by providing protection in lightweight combat clothing, tents, and other items.

All of these items of defense must be made from man-made fibers. No natural fiber can meet any of these vital needs and, while in other uses the natural fibers serve military purposes, they may not be modified or engineered to meet the specific end-use requirements noted above.

In the field of fiber research, as in all other scientific fields, our nation is in competition with other nations including the Union of Soviet Socialist Republics. Press reports indicate that the Soviets have published information concerning three synthetic fibers not now in commercial production in the United States. Reports on such Russian research have indicated they are engaged in developing fibers to meet the needs mentioned above.

At the present time, the United States has a substantial lead over Russia in both plant and technology required for producing the new non-cellulosic fibers. The Russians are, however, making tremendous efforts to meet and surpass our progress in these fields, and have already done considerable excellent research work on tire cord and tire design.

The long-range security of the country is, therefore, dependent on scientific research and development not only in the area of weapons and munitions but also in man-made fibers, a field in which the very high research costs can be assumed only by producers who are able to maintain profitable production and sale of the present products of the industry.

Our Government cannot hope readily to duplicate in any Federal military research laboratory the fund of scientific information and experience being maintained in the research staffs of the man-made fiber producers. The problem presented to this industry in the development of new fibers to meet the above needs requires not only a thorough knowledge of the chemistry of fibers but also knowledge of, and experience in, spinning yarns, weaving, knitting, dyeing and finishing of fabrics, and in the manufacture of garments and articles therefrom. The producing companies cannot maintain such research staffs if their present production facilities are idled by the displacement of domestic nan-made fibers through imports.

V. THE DOMESTIC MAN-MADE FIBER PLANTS ARE LOCATED PREPONDERANTLY IN SMALL COMMUNITIES WHICH ARE UNABLE TO ABSORB THE DAMAGING ECONOMIC EFFECTS OF INCREASED IMPORTS.

The economic health of the domestic man-made fiber producing industry is of vital concern to a major cross-section of the United States, particularly to States and communities which are directly dependent for economic stability upon taxes, payrolls and expenditures for materials, utilities and services by the man-made fiber producing plants.

The industry's 85 plants are located in 54 communities in 19 States, as follows:

TABLE 3

Plant Location	Fibers Produced	Approximate Population
SOUTH		
Alabama		
Childersburg	Rayon	4,000
Le Moyne (Mobile County)**	Rayon	
Decatur	Acrylic	20,000
Florida		
Jacksonville	Nylon, Olefin, Saran	205,000
Pensacola	Acrylic, Nylon	44,000
Georgia		
Rome	Rayon, Acetate	30,000
Maryland		
Cumberland	Acetate, Triacetate	38,000
Odenton	Nylon, Olefin, Saran	1,000
North Carolina		
Enka	Rayon, Nylon	1,800
Gastonia	Spandex	23,000
Kinston	Polyester	18,000
Shelby	Polyester	16,000
South Carolina		
Camden	Acrylic	7,000
Fairmont	Olefin	250
Greenwood	Nylon	14,000
Rock Hill	Acetate, Triacetate	25,000
Spartanburg	Olefin	37,000
Tennessee		
Chattanooga	Nylon	131,000
Elizabethton	Rayon, Nylon,* Olefin, Polyester	11,000
Kingsport	Acetate, Modacrylic, Polyester	25,000
Lowland**	Rayon	
Old Hickory	Rayon, Polyester	10,000
Virginia		
Chesterfield	Nylon	200
Covington	Rayon, Nylon, Olefin	6,000
Front Royal	Rayon	8,100

* Pilot Plant
** Not a Town

TABLE 3 (Continued)

Plant Location	Fibers Produced	Approximate Population
Hopewell	Nylon, Olefin, Saran	10,000
Martinsville	Nylon	17,000
Narrows	Acetate	3,000
Richmond	Rayon, Nylon, Polyvinyl	230,000
Waynesboro	Acetate, Acrylic, Olefin, Saran, Spandex	12,000
Williamsburg	Acrylic, Nylon	7,000
West Virginia		
Nitro	Rayon	3,300
Parkersburg	Rayon	30,000
South Charleston	Modacrylic	17,000
NEW ENGLAND		
Connecticut		
Rocky Hill	Rayon	5,000
Stamford	Acrylic*	75,000
Massachusetts		
Fall River	Spandex	112,000
New Bedford	Rayon	109,000
Rhode Island		
Providence	Olefin	250,000
Vermont		
Fair Haven	Rayon	2,000
MIDDLE ATLANTIC		
Delaware		
New Castle	Olefin	5,400
Seaford	Nylon	3,000
New Jersey		
Metuchen	Olefin	9,900
Union	Nylon, Olefin	38,000
New York		
Canandaigua	Nylon, Olefin, Vinyon	8,500
Rochester	Olefin	333,000
Utica	Rayon	102,000
Pennsylvania		
Lewistown	Rayon	14,000
Meadville	Acetate, Vinyon	19,000
Scranton	Nylon	126,000
CENTRAL		
Michigan		
Midland	Saran	14,000
Ohio		
Avon Lake	Nytril*	4,000
Cleveland	Rayon, Olefin	915,000
Painesville	Rayon	14,000

* Pilot Plant

Of the 85 plants, 63 are in communities of less than 40,000 population. Communities of this size, particularly when located in States without a high concentration of industrial activity, are unable to withstand reduced employment and the curtailment of payments for taxes, materials, and utilities resulting from damaging import competition without serious economic consequences.

The likelihood that further reductions in the duties on man-made fibers would have these effects, in view of the existing competitive strength of foreign man-made fibers, presents a valid reason against such reductions.

On the basis of the employment classification criteria used by the Bureau of Employment Security, in one of the communities in which a man-made fiber plant is located, Nitro, West Virginia, the current labor situation is classified as SPLS, "substantial and persistent labor surplus."

Seven of the communities where man-made fiber producing plants are located, Parkersburg and South Charleston, West Virginia; Providence, Rhode Island; Lewistown and Meadville, Pennsylvania; Kinston, North Carolina and Cumberland, Maryland, are classified as SLS "substantial labor surplus". Eight of the communities in which plants of the industry are located—Childersburg and Decatur, Alabama; Rome, Georgia; Chattanooga, Tennessee; Fall River and New Bedford, Massachusetts; and Seaford, Delaware, are classified "D", "job seekers in excess of jobs."

In 30 of the communities in which the industry's plants are located, the current labor situation is rated "C", "job seekers slightly in excess of jobs". These communities are on the border line and any substantial displacement of workers in these areas would bring these communities into a lower rating on the labor situation.

VI. HOURLY LABOR COSTS—U.S. AND SELECTED AREAS.

The following Table 4 compares the average hourly earnings, fringe benefits and total man-hour labor costs for production workers in the man-made fiber producing industry in the United States with data for selected foreign countries.

TABLE 4

MAN-MADE FIBER PRODUCTION WORKER HOURLY COSTS UNITED STATES AND SELECTED FOREIGN COUNTRIES.

	Estimated Hourly Wage	Date	Benefits Fringe	Total Estimated Man-Hour Labor Costs
Japan	$0.21*	2/60	—	$.21
Italy	$0.37	3/59	$0.30	$0.67
West Germany	$0.60	11/59	$0.06	$0.66
United Kingdom	$0.76	10/59	$0.08	$0.84
United States	$2.20	1959	$0.46	$2.66

* Including cash fringe benefits and value of fringe benefits in kind (meals).

Sources: Foreign Wage data—Division of Foreign Labor Conditions, U. S. Department of Labor.
U. S. Wage data—U. S. Department of Labor, "Employment and Earnings."
U. S. Fringe Benefits figure—Textile Economics Bureau, Inc.

In considering the United States wage rates and total labor costs, it must be borne in mind that the impending increase of the statutory minimum wage to $1.15 or $1.25 an hour will be reflected in increased wages of employees now earning more than the present minimum wage. Wage rate differentials between classifications of jobs must be maintained and, hence, are influenced by the minimum hourly rate.

Shipments in commerce between the States of the Union of goods produced by workers receiving substandard rates are prohibited by our law but imports into the United States of goods produced under substandard rates of pay are permitted. This error should not be compounded by further reductions in duty having the effect of rewarding foreign producers for maintenance of substandard labor conditions.

Recognizing that there is always some conflict of opinion on hourly wages and the cost of fringe benefits, we have taken data from governmental sources except data for our own industry available through Textile Economics Bureau, Inc.

It seems to be unnecessary to enter into any discussion concerning possible errors in the U. S. Government data on foreign labor costs as it is incredible that there could be, in the United States official data, errors of such magnitude that they could seriously affect the comparison.

To illustrate, if the Japanese worker received double the total estimated wages given above and if he were only one-half as productive as the American worker, the labor cost still would not amount to one-third the American labor cost.

If the workers in Italy, West Germany, and the United Kingdom attained only one-half the productivity of the American worker, the labor cost in Italy and West Germany would still be less than one-half that in the United States and in the United Kingdom would be only slightly more than one-half.

It is impossible to contemplate any degree of error in labor costs or variance in productivity which would bring the foreign labor cost even close to that of domestic labor.

More detailed study and comparison of domestic and foreign labor costs is unnecessary since it is generally admitted that the foreign wage costs are all lower than the costs in the United States and vary only in the degree by which they are lower than the United States costs. As wage scales in different occupations in every country bear a relation, one to the other, the cost of labor in erection of plant buildings and construction and installation of machinery and equipment would be similarly lower than the costs of such skilled labor in the United States and the plant investment would be reduced to that extent.

VII. COMPARISON OF PRICES—IMPORTS AND DOMESTIC SHIPMENTS.

We submit herewith typical and representative price comparisons based upon such information as we have been able to secure in the trade, from customers and others.

	Country of Origin	Delivered Price on Imported Product	Domestic Delivered Price
NYLON			
15 denier	Italy	$3.25—$3.60	$3.89
30 denier	Italy	2.11— 2.20	2.36
40 denier	Japan	1.50— 1.90	2.13
RAYON			
150 denier	Japan	.71— .73	.82
ACRYLIC			
3 denier	West Germany or Italy	.70— .75	1.18— 1.28

The range of import prices shown above indicates generally the discounts allowed on importation of large quantities. For example, we are informed that Japanese producers have offered 150 denier rayon yarn at 71 cents in large quantities and 73 cents to small users. The prices of $1.18 and $1.28 per pound for 3 denier acrylic staple fiber are the prices of different domestic producers. In May, 1960, Japanese rayon staple came into the United States at an invoice price of 20 cents per pound, which, after adding duty and inland freight, was lower than the current domestic price of 28 cents per pound, delivered to the mill.

Because of the "basket" character of the paragraphs of the Tariff Act, it is not possible to secure from official import statistics the data needed for exact comparisons. Reports under the classifications established by the Bureau of the Census are not required to give details of many factors which enter into price determinations such as: denier, which may range for yarn from 14 to 15,000; filament count of yarn, which may range from 2 to 3,000; turns per inch, which vary widely; the type of twist, which may be standard or reverse; the luster, which may be bright, semi-dull, or dull; the tenacity, which may be regular, intermediate or high; the packages or putups of yarn as sold, which range from cakes, skeins, tubes and cones, to beams. Man-made fibers may be imported as monofilaments, with no indication in published Customs data whether the monofilament is rayon, nylon, or other fiber. The same is true of grouped filaments. Under the classification of yarn, singles, there is a breakdown into cellulosic fibers and non-cellulosic fibers. This breakdown does not permit determination of whether the cellulosic yarn is regular rayon, high tenacity rayon, acetate, or triacetate. Similarly, the classification as non-cellulosic yarn does not reveal whether the import is nylon, or other non-cellulosic fiber.

Price data on domestic products without comparison with imports would have little, if any, significance in the current investigation. Even if average price information for 1959 on imports could be procured, it would be impractical to compare such data with average domestic prices for 1959. In some industries where a reasonably steady price structure may prevail it might be practical to use average prices, but in an industry where there is a declining trend in the prices of many of its products, an average of the prices during the year would have no significance. In the period of December 1958 through December 1959, for example, the price of 840 denier nylon on beams declined from $1.20 per pound to 97 cents per pound. The average of these prices, $1.08½, was never a quoted price for this product. In 1959, the prices of 1100 denier viscose rayon yarn on beams declined from 66 cents to 57 cents a pound. The average price, 61½ cents, was never quoted as the price of this product. In August 1960, the price of the same rayon yarn was further reduced to 54½ cents a pound.

The mandate of the Act that the Commission consider average import prices and average domestic wholesale prices is not absolute but is specifically qualified by the Congress in a direction to the Commission to consider such prices only to the extent practicable and without excluding other factors. In the same paragraph, the Congress indicates another factor which, because of increasing trends of imports and potential imports from foreign present and projected excess capacity, is of greater importance in the case of this industry, namely, the Commission's determination to the extent practicable of "the maximum increase in annual imports which may occur without causing serious injury to the domestic industry producing like or directly competitive articles."

VIII. PRESENT AND PROSPECTIVE EMPLOYMENT IN UNITED STATES MAN-MADE FIBER PRODUCING INDUSTRY.

Employment of production workers in the man-made fiber producing industry in the United States during the past four years has exhibited a mixed trend. The employment of production workers in the cellulosic sector of the industry has declined 4,832 from an average of 37,552 in 1956 to an average of 32,720 in 1959. During the same period the average employment of production workers in the non-cellulosic sector of the domestic industry has increased 8,300 from 15,500 in 1956 to 23,800 in 1959. Thus, in this period the total employment in this industry increased from an average in 1956 of 53,052 to an average in 1959 of 56,520.

In general, the jobs are permanent in character with employment interrupted only temporarily by market demands. Employment in the cellulosic branch of the industry has been reduced by the permanent closing of some plants and the curtailed production of others due to competition between the fibers and replacement of domestic production by imports. Some divisions of the producing plants must, by the nature of their operations, work 24 hours a day and 7 days a week.

Many of the jobs are highly specialized and of a character restricted to this industry. There is slight movement in and out of the industry and, as indicated in our section dealing with locations of plants, there is an almost complete dependence on the plants for jobs in the communities.

The rate of births since 1945 will, within the next decade, bring to the age of employment millions of youths for whom jobs must be provided. Obviously, they can be given employment only by expansion of the manufacturing and service industries of this country. Such expansion will not be found in the industries in which domestic production may be supplanted by imports. As a nation, we have a responsibility to maintain and increase the opportunities for jobs in this country, a responsibility shared by all, including industry and the agents of our Government who determine the character and extent of imports.

In the impending trade agreement negotiations, our Government must face the fact that the purpose of reduction of duties is to stimulate imports and the effect of stimulating imports is to reduce job opportunities in the industry producing the commodities on which rates of duties are reduced.

Joseph Airov, Associate Professor of Economics at Emory University, in his publication "The Location of the Synthetic-Fiber Industry," published jointly by The Technology Press of the Massachusetts Institute of Technology and John Wiley & Sons, Inc., New York, estimates that by 1975 employment in the man-made fiber producing industry will increase, if new investment is obtained, by an addition to the labor force ranging from 30,655 to 36,225, which would bring total employment in this industry within a range of 87.2 thousand workers to 92.7 thousand workers.

Professor Airov's estimate is, of course, based on the premise that the domestic industry will be permitted to supply the needs of its domestic market. If any substantial amount of the present and projected excess foreign productive capacity is put into operation to supply man-made fibers to the United States market, an equivalent amount of domestic production will be displaced, with consequent displacement of workers.

IX. MAN-MADE FIBER PRODUCING INDUSTRY—1955-1959 WORLD AND SELECTED COUNTRIES AND AREAS—PRODUCTIVE CAPACITIES.

The most compelling factor to be considered in appraising the effect of possible further reductions in the United States duties on man-made fibers is the amount of present and projected excess capacity for the production of man-made fibers in foreign countries.

Appendix A hereto presents a study of the world man-made fiber industry. This Appendix A shows for the years 1955-1959, both inclusive, available data on production, exports, imports, internal consumption, productive capacity, 1961 productive capacity as reported to Textile Economics Bureau, Inc. to June 9, 1960, and capacity in excess of internal consumption plus exports, for cellulosic and non-cellulosic fibers, for the World both inclusive and exclusive of Communist Europe, for the United States, Canada, Central and South America, the Common Market countries, the European Free Trade Association, other countries of Western Europe, the Middle East, the Far East with separate data on Japan, and for Communist Europe. The data on imports relate to shipments to areas producing man-made fibers. The data on exports relate to shipments to the world.

In the Charts, Appendices and Tables presented with this statement, the European Economic Community, European Free Trade Association, and Japan are included as the present and potential principal suppliers of man-made fibers to the United States.

As Appendix A indicates, productive capacity abroad is not static. During the course of the forthcoming negotiations and during the life of the trade agreement there negotiated, more capacity will be coming into production, some of which is already under construction. Appendices B and B-1 hereto show additional capacity projected but not included in Appendix A.

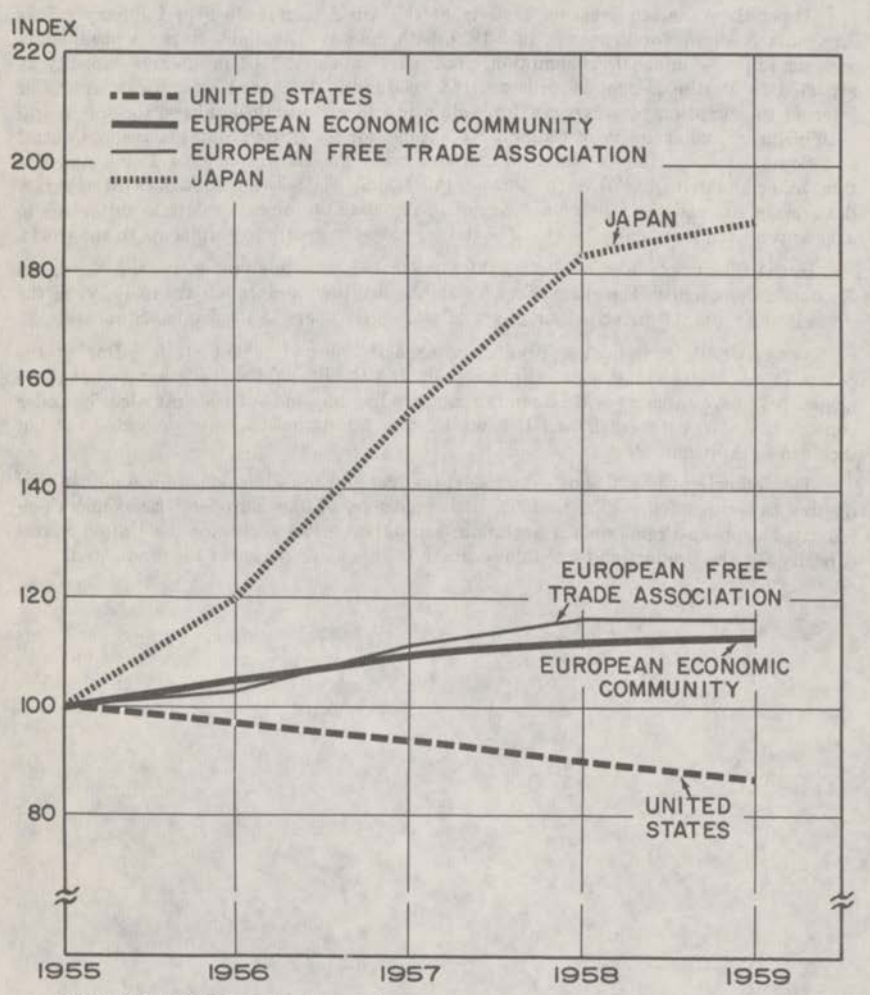
The following Chart 2 shows, by index, the *increase* in cellulosic man-made fiber productive capacities from 1955 to 1959, both inclusive, of the European Economic Community, European Free Trade Association, and Japan. The *decline* in the United States capacity for the production of cellulosic fibers in this same period is also indicated.

66226 O—61——30

CHART 2

INDEX OF CELLULOSIC CAPACITIES, U.S. AND SELECTED AREAS

1955=100



SOURCE: *Textile Economics Bureau, Inc.*

Although not shown on the Chart 2, the peak production of regular and intermediate tenacity rayon filament yarn (textile yarn) in the United States was reached in 1951 at 325 million lbs. By 1959 the production in the United States of such rayon fibers had fallen to 176 million lbs. *In the same period the United States productive capacity for these fibers fell from 325 million lbs. to 183 million lbs.* This reduction in capacity resulted mainly from the closing of two rayon producing plants by American Viscose Corporation and the discontinuance of production of rayon textile yarn by E. I. du Pont de Nemours & Company, Inc. at its Richmond, Virginia plant. There are no plans for bringing these plants again into operation. The declining trend in this domestic industry from 1951 to 1959 is much more severe than that indicated from 1955 to 1959 on the Chart 2. The Chart also indicates that in the period from 1955 to 1959 *the Japanese capacity for the production of cellulosic man-made fibers increased 90.4% and is in an upward trend while the United States trend is still downward.*

Considering the tests established in the Act, we submit that it can not be found that, in an industry or segment of an industry which is declining in production and productive capacity and suffering from increased imports, the existing duties on its products could be unduly burdening and restricting the foreign trade of the United States. Nor can it be found that increased market opportunities in the United States for foreign articles should be provided "in accordance with the characteristics and needs" of any branch of American industry.

We also submit that in this situation it is impossible for the Commission to estimate that *any* further increase in imports may occur without causing serious injury to the domestic industry. This segment of the industry is at its "peril point."

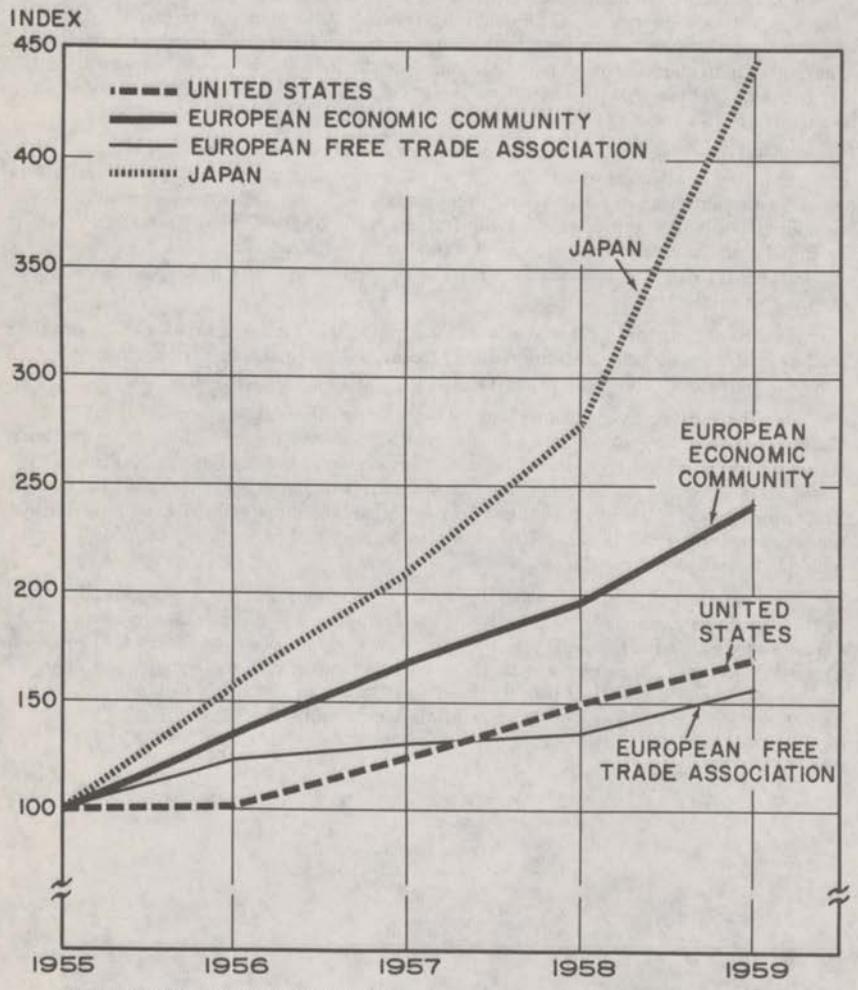
The U.S. productive capacity for non-cellulosic fibers as shown by the following Chart 3 increased 70% during the past five years, while the productive capacity of Japan increased 345%, of the European Economic Community, 141% and of the European Free Trade Association, 56%. It is obvious that not only will the export market of the United States for non-cellulosic fibers be taken over by Japan and other countries, but, in addition, there is every prospect that the United States market will be supplied to a high degree by imported non-cellulosic fibers.

The combined capacities for cellulosic and non-cellulosic fibers in the United States, in the European Economic Community, in the European Free Trade Association, and in Japan, based on an Index of 100 for 1955, are shown by the following Chart 4. The Chart shows that the Japanese increase in the productive capacity for all man-made fibers in the period from 1955 to 1959 is 106.6%, of the European Economic Community, 22.1%, and of the European Free Trade Association, 20.1% while the United States increase is only 6.64%.

CHART 3

INDEX OF NON-CELLULOSIC CAPACITIES, U.S. AND SELECTED AREAS

1955=100

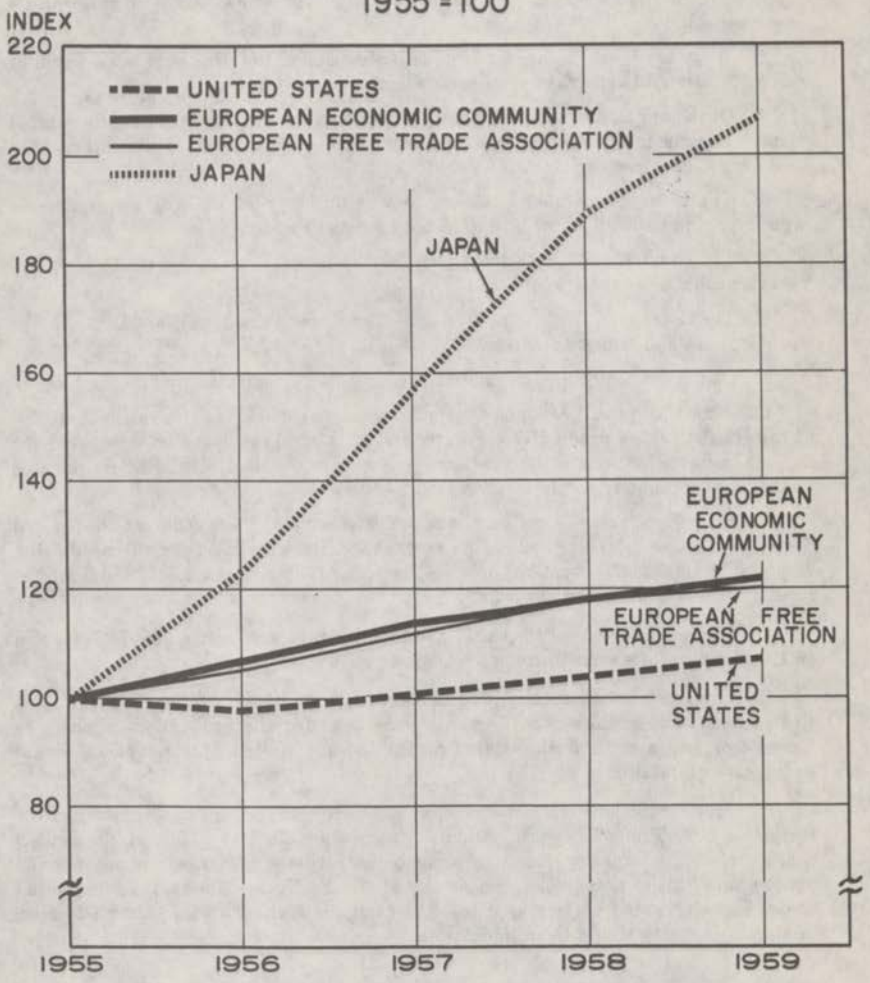


SOURCE: *Textile Economics Bureau, Inc.*

CHART 4

INDEX OF MAN MADE FIBER CAPACITIES (CELLULOSIC + NON-CELLULOSIC) U.S. AND SELECTED AREAS

1955 = 100



SOURCE: *Textile Economics Bureau, Inc.*

The significance of some of the salient facts* set forth in Appendices A and B and illustrated in Charts 2 to 4 inclusive may be summarized as follows:

1. The United States has 29.1% of the world's productive capacity for man-made fibers.

2. Of the present United States capacity, 15.8% is in excess of the quantities needed for the United States market and for United States exports of man-made fibers.

3. United States excess productive capacity represents 22.3% of the world's excess capacity.

4. With the world's largest productive capacity, the United States supplies only 9.3% of world exports of man-made fibers.

5. Of the aggregate imports of the world's fiber producing countries, the United States accounts for 24.7%, a larger volume than is imported into any other fiber producing country or region of the world.

6. The European Economic Community, with 24.8% of the world's productive capacity, supplies 52.9% of world exports of man-made fibers.

7. The countries of the European Free Trade Association have 12.8% of the world's productive capacity.

8. The European Free Trade Association, however, supplies 26.0% of the world's exports of man-made fibers.

9. Of the United States productive capacity, 21.2% is presently idle.

10. The European Economic Community excess capacity is equivalent to 19.7% of the United States productive capacity, and if this excess capacity were used for the production of fibers to increase present exports to the United States, the idle United States capacity would be increased to 40.9%.

11. The Free Trade Area excess capacity is equivalent to 9.5% of the United States productive capacity, and if this excess capacity were used for the production of fibers to increase present exports to the United States, the idle United States capacity would be increased to 30.6%.

12. Japan has 17.8% of the world's productive capacity for man-made fibers and 46.1% of the world's excess productive capacity.

13. Japan's excess capacity is equivalent to 32.7% of the United States productive capacity, and if this excess capacity were used for the production of fibers to increase present exports to the United States, the idle United States capacity would be increased to 53.9%.

14. The combined excess capacity of the European Economic Community, the European Free Trade Association, and Japan is equivalent to 61.9% of the United States productive capacity, and if this combined excess capacity were used for the production of fibers to increase present exports to the United States, the idle United States capacity would be increased to 83.1% and the United States man-made fiber producing industry would be in liquidation.

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* Data in this summary are exclusive of Communist Europe for which complete information is not available.

X. THE SIGNIFICANCE OF WORLD EXCESS CAPACITY TO "PERIL POINT" DETERMINATION AND TO POLICY CONSIDERATIONS.

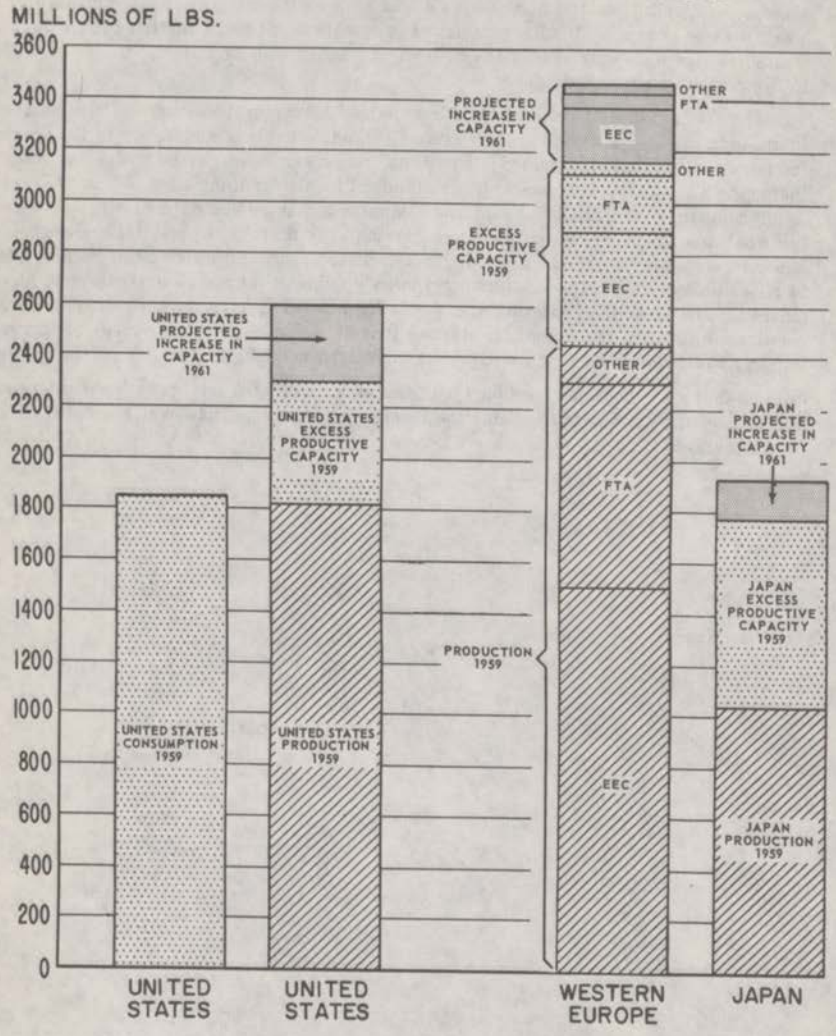
Our industry is not now under immediate threat of serious injury, except in the field of rayon staple fiber. Our industry is, however, now at the "peril point" in the other sectors, both cellulosic and non-cellulosic. In view of the amount and significance of the world's excess capacity for the production of man-made fibers, a further reduction in the United States duties on man-made fibers foreseeably will lead to the threat of serious injury to the domestic industry.

The Commission is under mandate from the Congress to estimate "the *maximum* increase in annual imports which *may* occur without causing series injury to the domestic industry . . ." (Emphasis added) The Commission can estimate the *maximum potential* increase. The Commission has no other standard for determining what degree of increase might come into the United States. The Commission has no standard at all for determining what amount of increased imports other than the maximum potential increase would cause serious injury to the domestic industry. Therefore, in appraising the possible effects of reductions in duties, the maximum *potential* volume of increased imports must be considered. The amount of existing and presently unused foreign capacity has an obvious relationship to this determination because that capacity is the very source of increased imports which would be stimulated by further tariff reduction.

As shown by the following Chart 5, the excess capacity in certain areas abroad, present and projected, is sufficient to enable the foreign producers to take over the *entire* United States market.

CHART 5

PRODUCTION AND EXCESS CAPACITY MAN MADE FIBERS UNITED STATES AND SELECTED AREAS



Source: Textile Economics Bureau, Inc.

If the maximum potential importation is not considered, then two questions arise: First, what control other than the self-control of the producing areas will limit the imports to less than 100% of foreign excess capacity? The answer is obviously "None," since the United States lacks the safeguards for man-made fiber imports employed by other nations by means of quotas, licensing, or other restrictions on imports. The second question is—If we do not consider the maximum potential importation, what amount less than 100% could reasonably be determined to be the anticipated amount of increased imports? The effort by any individuals or Government agencies in this country to determine with any degree of accuracy what lower amount of imports might come into this country would be entirely futile as that determination rests solely in the appetite of foreign producers to enjoy the fruits of the United States market as an aid to digesting their surplus production.

Although Japan has tremendous excess capacity, it cannot expect to export any large portion of its surplus production of man-made fibers to the nations in the European Economic Community or to the European Free Trade Association which have excess capacities of their own and are maintaining restrictions against the disruption of their markets. The European Economic Community for the same reasons cannot expect to export to nations of the European Free Trade Association or to Japan. The European Free Trade Association is under similar limitations.

As the production of man-made fibers expands from country to country and in volume within producing countries, the markets for exportable surpluses diminish. *As the United States has no protection against the unloading of surplus production except rates of duty which, at their present level, are no bar to the importation of man-made fibers into the United States, it becomes the market in which every producing nation expects to dispose of its surplus, a condition which would be intensified by further reduction in rates of duty on man-made fibers.*

XI. SAFEGUARDS AGAINST DISRUPTIVE EFFECTS OF IMPORTS FROM LOW-COST COUNTRIES—"PERIL POINT" DETERMINATION AND SELF-DISCIPLINE OF FOREIGN NATIONS.

Just as our domestic man-made fiber producing industry is concerned over the increasing trend of imports from the European Economic Community, the European Free Trade Association, and Japan, with potential increase thereof if rates of duty are reduced, so foreign nations have become concerned over the effect of imports from Japan and less-developed countries.

Foreign countries have recognized the disruptive effect of imports from Japan and less-developed countries and individually have already safeguarded their domestic economies from such injuries.

On the terms of accession of Japan to the General Agreement on Tariffs and Trade, reservations of rights to impose restrictions on imports from Japan were made by Australia, Austria, Belgium, Cuba, France, Ghana, Haiti, Luxemburg, Federation of Malaya, Kingdom of the Netherlands, New Zealand, Federation of Rhodesia and Nyasaland, Union of South Africa, and the United Kingdom under the provisions of Article XXXV of GATT.

Since countries invoking Article XXXV may not enter into tariff negotiations with Japan, the scope of the forthcoming GATT negotiations is limited. Any concessions made by the United States in the GATT negotiations will, under the most-favored-nation clause, benefit Japan. On the other hand, concessions made by Austria, Belgium, France, Kingdom of the Netherlands, United Kingdom and other nations making reservations under Article XXXV, will not benefit Japan. Japan will continue to be forced by the restrictions and high duties imposed by the countries which invoke Article XXXV to look to the United States market.

The problem of exportable surpluses, particularly from Japan and less-developed countries, and the protective measures instituted by foreign nations against imports from such countries have been a subject of concern and study at the Sixteenth Session of the Contracting Parties to the General Agreement on Tariffs and Trade which appointed a Working Party to find, if possible, acceptable methods of removing such restrictions, without causing sudden and violent disruptions to the economies of the importing nations, as set forth in Press Release No. 306 of the Department of State dated June 6, 1960.

As stated in the Press Release:

> "There is serious concern that sharp increases in imports in a narrow range of commodities could have adverse economic, political and social repercussions in some importing countries. As a result, quantitative restrictions on trade, particularly against manufactured exports coming from Japan and the less developed countries of Asia, continue to be widespread.
>
> "To meet these two related problems the Contracting Parties laid out a broad work program with the view to finding practical ways to facilitate an expansion of trade while avoiding possible adverse effects stemming from sharp increases.
>
> "The new program designed to deal with the problem of 'the avoidance of market disruption' will be undertaken by a special Working Party established at the Session. Its first task will be to consider certain factual material already compiled by the GATT Secretariat on instances of possible market disruption, and to suggest multilaterally acceptable solutions consistent with the GATT principles for those problems which call for immediate action.
>
> "The Working Party will try to develop suitable and temporary safeguards which would prevent market disruption and would permit further progress in eliminating the restrictions which now limit exports from Japan and the less-developed countries."

The references to "Japan and less-developed countries" in the foregoing quotation from the Department of State Press Release are obviously a gentle way of referring to low-cost countries, particularly countries with low labor costs. The references to "market disruption" and "possible adverse effects stemming from sharp increases" of imports apply particularly to the disruption of textile and garment markets.

This industry is directly concerned since the disruption of such markets promptly reacts to the detriment of this industry.

The growing danger of world market disruption in textiles is emphasized by the recently organized International Federation of Textile & Garment Workers. Since the competitive threat of low-wage countries is most effective in these industries, this organization is scheduled to present a report to the Working Party of the General Agreement on

Tariffs and Trade, which is also studying the problem of market disruption, at a session to be held September 12-14, 1960 in preparation for the Seventeenth Session of the Contracting Parties to the General Agreement on Tariffs and Trade. Cooperating with the International Ladies Garment Workers Union and the Amalgamated Clothing Workers of America in the new organization is the Textile Workers Union of America which represents the great majority of organized labor in the man-made fiber producing industry.

The aroused interest of labor organizations in this problem of disruption of textile markets by uncontrolled imports from low-cost countries emphasizes the fact that at this time our Government should be studying measures for the protection of these industries and their employees rather than considering tariff reductions which may aggravate the disruption of textile markets.

The GATT organization was primarily intended to be an *economic* and not a political organism. If it should follow *economic criteria alone,* it would favor raising, not reducing, duties on textile products manufactured in low-cost countries. The Working Party and the labor federation may well reach the conclusion that either an increase in duties or the continuance of quotas on imports is necessary to avoid market disruption and to protect high wage labor. Our Government should not assume, in determination of "peril points" or in placing commodities on the Offer List, that contrary action is the solution.

The significance of the difference between the actions taken at the Sixteenth Session of the Contracting Parties to GATT and the actions contemplated to be taken in the reductions of United States duties at the forthcoming trade agreement negotiations is that the foreign nations are maintaining their restrictions and safeguards by way of quotas, licenses, etc., while the United States is considering the reduction of its duties without first imposing any such safeguards whatsoever.

It cannot be considered that the provisions of the so-called "escape clause" afford to the industries of the United States any protection comparable to the safeguards raised by foreign nations in protection of their industries. The "escape clause" remedy is available to a domestic industry only after the industry has established that serious injury has occurred or threat of serious injury is present.

If the negotiators overestimate the maximum increase in imports which may come into this country without serious injury to a domestic industry, then the domestic industry may suffer injury until, after delays of investigation and hearing, it is determined that such injury has become or threatens to become serious. By the time such decision is made, the industry or a segment thereof may be injured beyond recovery.

Under the "escape clause" procedure, the policy of the Tariff Commission clearly indicates that only *actual serious injury* or *present threat of serious injury* may be considered as valid reasons for recommendations to the President for adjustments in rates of duty. The Commission has held that it may not make any such recommendation until a trend of increasing imports *has progressed to the stage of serious injury or becomes a present threat of serious injury.*

Under the foreign system, the safeguard comes first. Under our system, the serious injury or threat of serious injury comes before the remedy.

There is under our law no complete remedy for an error in reducing rates of duties.

The Tariff Commission's recommendation for tariff adjustment is not in itself a remedy and, on the record of such recommendations, does not even raise a presumption of a remedy.

As of the date of this writing, it is our information that the Tariff Commission has made to the President 33 recommendations for tariff adjustments favorable to domestic industries and that the President has rejected completely 20 of these recommendations, allowing relief in only 12 cases, in some instances less than recommended by the Tariff Commission—one case being still pending before the President.

Unless the decision in the case of U. S. v. Schmidt Pritchard & Co., et al, Customs Appeal No. 4980 (cited above) is overruled, the President will in the future have to grant or deny the Commission's recommendation in toto. In view of the fact that he has disapproved in part the recommendations for tariff adjustment in some cases where he granted other relief, it may be expected that in the future more recommendations will be turned down and the present ratio of 20 rejections to 32 recommendations will increase.

The foreign nations maintain guardrails at the top of the cliff. We have a sort of first-aid station in the valley below.

It is axiomatic that it is unnecessary in any proceeding to prove an admitted fact. We quote, therefore, the following statement made by the Honorable Douglas Dillon, Under Secretary of State, in a television interview on June 19, 1960:

> "Certainly it's true that the Japanese wage scale is much lower and that if they so desired to concentrate on certain areas they could produce certain things such as textiles far cheaper than we can, and could flood our markets. The Japanese have been aware of that and we have worked with them and they have taken action, good action, to control their exports so that they will not disrupt markets, not go too heavily into any one area."

The significance of the Japanese ability to "flood our markets" is of particular importance when it is considered that the Japanese, as the Under Secretary of State notes, may be selective in determining the portions of our markets which they will invade and we depend upon Japan's "good action" not to disrupt our textile markets. Without changing to any great degree the total volume of exports from Japan to the United States, they can *at their will* concentrate such exports in any selected field so as to usurp that market.

When it is considered that the Japanese exports of rayon and acetate filament yarn to the United States in the first five months of 1959 amounted to 00.7% of the total imports of such products and, in the first five months of 1960, amounted to 79.7% of imports of rayon and acetate filament yarn then, naturally, one wonders at what point, if any, will the Japanese be satisfied and take "good action, to control their exports so that they will not disrupt" the domestic market for man-made fibers.

It was not the intent of the Congress that any determinations of "peril points" or reduced rates of duties should be based on confidence in the self-restraint of a foreign nation not to flood our markets.

When any foreign nation **in its uncontrolled discretion** *can flood the markets of this country with low labor cost goods, then it must be determined that the domestic industry supplying such markets is at its "peril point".*

XII. INCREASING IMPORT TRENDS SHOW THAT PRESENT RATES OF DUTY ARE NO BARRIER TO IMPORTS.

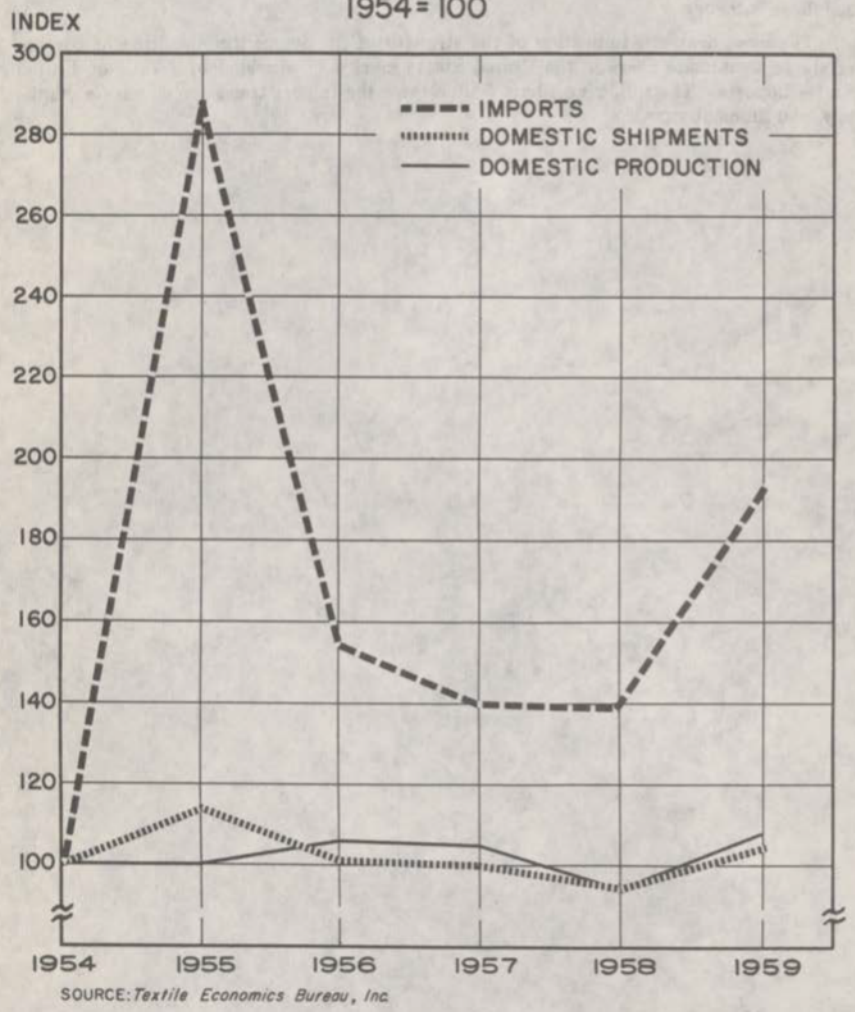
In considering the significance of import data concerning man-made fibers, it should be kept in mind that the cellulosic fibers have been important articles of commerce in the United States for a longer period of time than non-cellulosic fibers. This time relationship will provide an important perspective since the very large imports of cellulosic fibers are a positive indication of what may take place under existing rates of duties in the non-cellulosic category.

The most dramatic indication of the strength of the competitive position of foreign produced man-made fibers in the United States market is provided by *trends* of United States imports. The following Chart 6 illustrates the import trend for cellulosic staple, tow, and filament yarn.

CHART 6

INDEXES OF CELLULOSIC FILAMENT YARN, STAPLE AND TOW IMPORTS, DOMESTIC SHIPMENTS AND DOMESTIC PRODUCTION

1954 = 100



SOURCE: *Textile Economics Bureau, Inc.*

As the year 1954 was the last full year for which statistics were available at the time of the negotiations in 1955 which resulted in reductions in rates of duties, the year 1954 has been selected as a base period for the comparisons.

The following Table 4A, presenting the data upon which the Chart is based, shows that, in comparison with domestic production, imports during the period 1954-1959 have nearly doubled, while domestic production increased less than 10 percent.

TABLE 4A

Imports, Domestic Shipments and Domestic Production of Cellulosic Filament Yarn, Staple and Tow 1954-1959
(Index-1954=100)

	Imports		Domestic Shipments		Production	
	Thousands of Pounds	Index	Thousands of Pounds	Index	Thousands of Pounds	Index
1954	60,574	100	1,094,200	100	1,085,700	100
1955	174,337	288	1,244,800	114	1,260,700	116
1956	93,571	154	1,107,400	101	1,147,900	106
1957	84,805	140	1,092,300	100	1,139,400	105
1958	84,269	139	1,030,000	94	1,021,900	94
1959	117,151	193	1,136,500	104	1,167,800	108

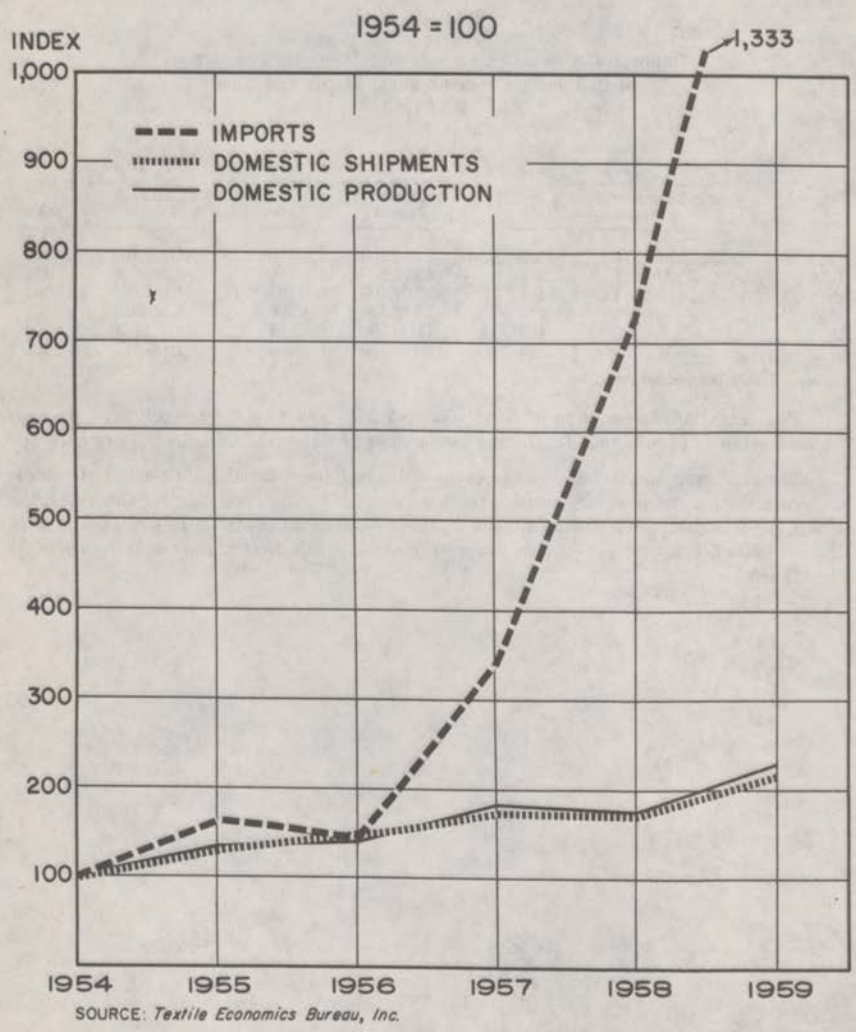
Source: Textile Economics Bureau, Inc.

The extent of the invasion of the United States market by foreign cellulosic fibers is an indication of events now developing in the area of non-cellulosic staple, yarn and tow.

The following Chart 7 shows the extraordinary import trend in non-cellulosic staple and yarn during the past six years. Again using 1954 as the base year for the index, the Chart depicts that *the trend of non-cellulosic imports is so vigorous in comparison with the growth of domestic production during the same period that it cannot be recorded on the Chart.*

CHART 7

INDEXES OF NON-CELLULOSIC FILAMENT YARN, STAPLE AND TOW IMPORTS, DOMESTIC SHIPMENTS AND DOMESTIC PRODUCTION



SOURCE: *Textile Economics Bureau, Inc.*

The following Table 5, presenting data concerning imports of non-cellulosic filament yarn, staple and tow upon which the Chart is based, shows that imports moved from an index of 100 in 1954 to 1,333 in 1959—more than a 1200% increase—while domestic production little more than doubled in the same period.

TABLE 5

Imports, Domestic Shipments and Domestic Production of Non-Cellulosic Filament Yarn, Staple and Tow

1954-1959

(Index-1954=100)

	Imports		Domestic Shipments		Production	
	Thousands of Pounds	Index	Thousands of Pounds	Index	Thousands of Pounds	Index
1954	489	100	273,400	100	284,600	100
1955	792	162	354,500	130	379,300	133
1956	694	142	389,600	143	400,300	141
1957	1,660	339	469,200	172	515,700	181
1958	3,561	728	467,500	171	490,500	172
1959	6,519	1,333	585,100	214	645,300	227

Source: Textile Economics Bureau, Inc.

Even in the poor textile year of 1958, the non-cellulosic imports more than doubled the imports of 1957, and in 1959 almost doubled again. *The rate of growth in domestic shipments from 100 in 1954 to 214 in 1959 is less than one-sixth the rate of increase in imports.*

The rate of increase is important in showing the trend and in indicating what must be anticipated even without any reduction in rates of duty. This is a comparatively new field of textiles in which foreign production has been constantly increasing and may be expected to continue to increase considerably as shown by Appendices A, B and B-1.

These disturbing import trends apply to both the staple fiber and yarn categories of the industry's products. The following Chart 8 shows that the import trend in non-cellulosic staple and tow is increasing at such a rapid rate that the Chart would have to be double its size to show the whole trend.

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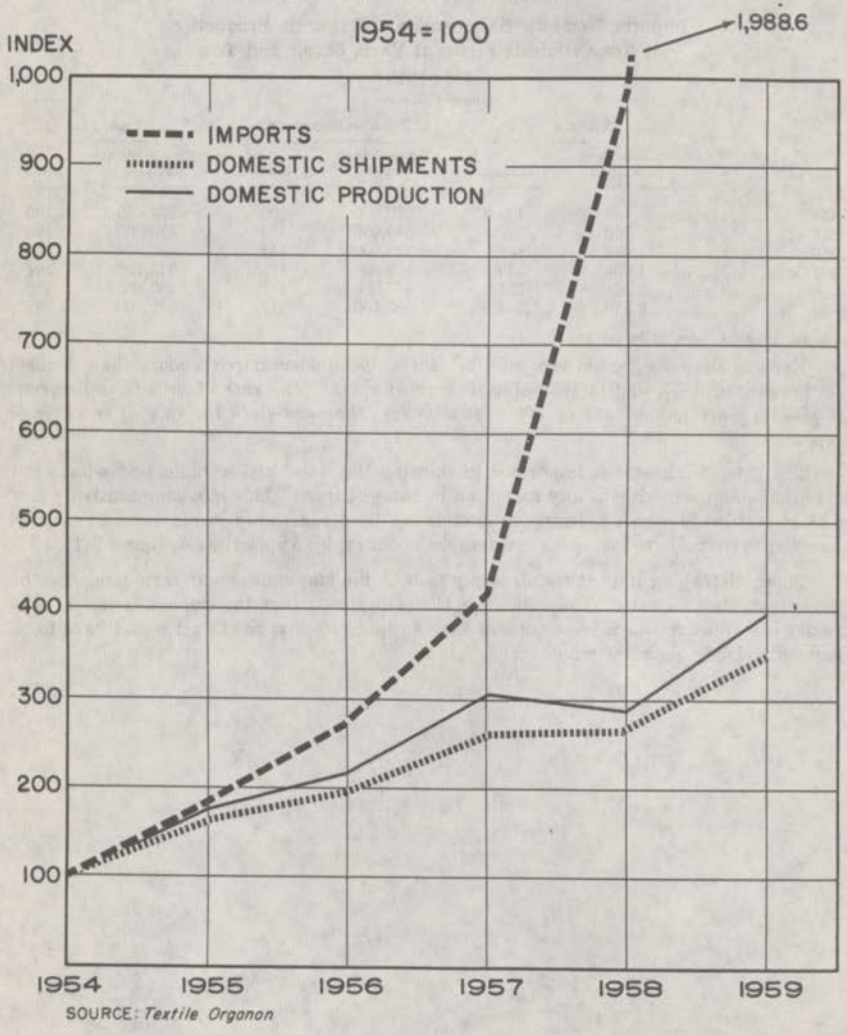
CHART 8

INDEXES OF NON-CELLULOSIC STAPLE AND TOW IMPORTS, DOMESTIC SHIPMENTS AND DOMESTIC PRODUCTION



SOURCE: *Textile Organon*

The following Table 6 comparing the indices for imports and domestic production of non-cellulosic staple and tow records the striking fact that, based upon 1954 as 100, imports have been increased by nearly 2000%. This astonishing rate of growth exceeds that of domestic production during the same period more than sixfold.

TABLE 6

Non-Cellulosic Staple and Tow Imports, Domestic Shipments and Domestic Production
1954-1959
(Index-1954=100)

Year	Imports		Domestic Shipments		Domestic Production	
	(000 lbs)	(Index)	(000 lbs)	(Index)	(000 lbs)	(Index)
1954	167	100.0	59,600	100.0	58,800	100.0
1955	303	181.4	96,800	162.4	105,300	179.1
1956	453	271.3	116,700	195.8	127,200	216.3
1957	700	419.2	155,400	260.7	180,600	307.1
1958	1,658	992.8	158,100	265.3	170,500	290.0
1959	3,321	1988.6	207,900	348.8	233,100	396.4

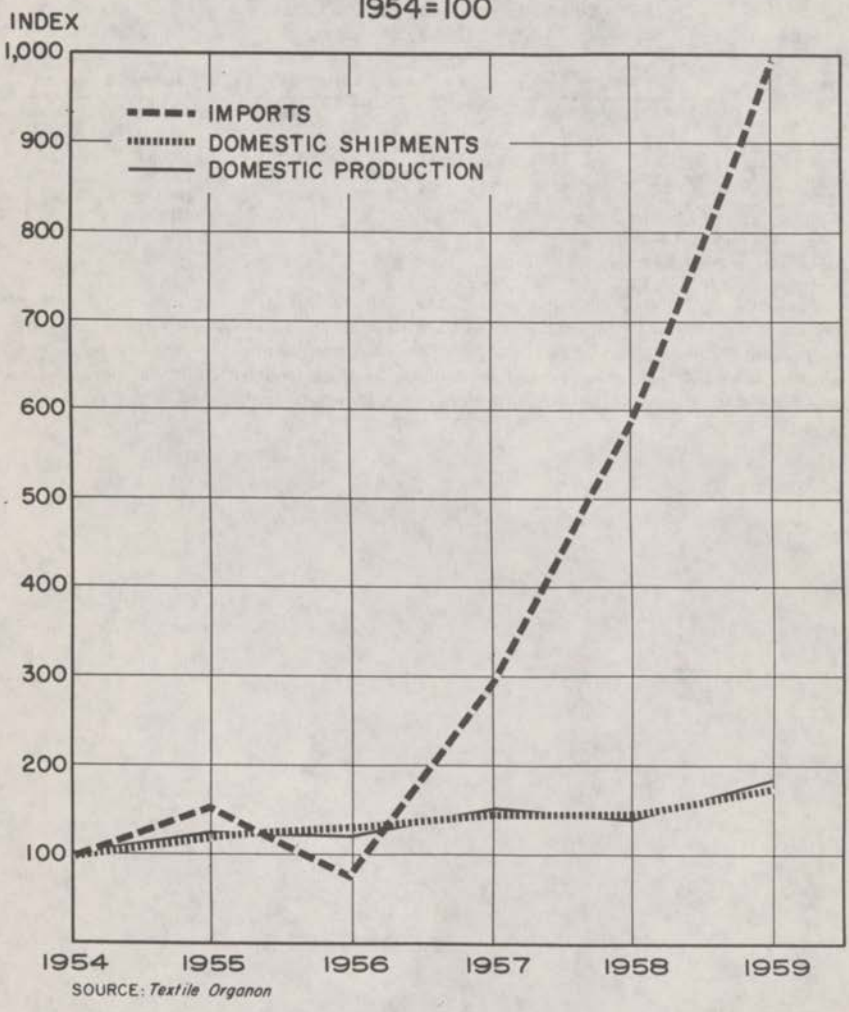
Source: Textile Economics Bureau, Inc.

Imports of non-cellulosic filament yarns also exhibit a strong and rapid rate of increase. This trend is depicted in the following Chart 9. As shown by the Chart, both in absolute terms and by comparison with domestic production, *the increase in imports is so striking that the conclusion is inescapable that existing rates of duty are not an impediment to increasing participation by foreign fibers in the United States market.*

CHART 9

INDEXES OF NON-CELLULOSIC FILAMENT YARN IMPORTS, DOMESTIC SHIPMENTS AND DOMESTIC PRODUCTION

1954=100



SOURCE: *Textile Organon*

The following Table 7, presenting the data upon which Chart 9 is based, shows *nearly a 900 percent increase in imports* of non-cellulosic filament yarn from 1954 to 1959. While this sustained surge in imports was occurring during a six-year period, there was an *advance in domestic production of only 83 percent.*

TABLE 7

Non-Cellulosic Filament Yarn Imports, Domestic Shipments and Domestic Production

1954-1959

(Index-1954=100)

Year	Imports		Domestic Shipments		Domestic Production	
	(000 lbs)	(Index)	(000 lbs)	(Index)	(000 lbs)	(Index)
1954	322	100.0	213,800	100.0	225,800	100.0
1955	489	151.9	257,700	120.5	274,000	121.3
1956	241	74.8	272,900	127.6	273,100	120.9
1957	960	298.1	313,800	146.8	335,100	148.4
1958	1,903	591.0	309,400	144.7	320,000	141.7
1959	3,198	993.2	377,200	176.4	413,400	183.1

Source: Textile Economics Bureau, Inc.

The strength of the foreign industry, which accounts for the striking import trends discussed in the preceding section, is not transitory but solidly based and of lasting importance to United States tariff considerations. As stated in a recent publication of the Organisation for European Economic Co-operation, "The Textile Industry in Europe" (Paris, Oct. 1959) p. 35:

> "The synthetic fibre industry is relatively new in Europe, and Member countries' production did not reach significant proportions until about 1950. The rate of increase in output has, however, been extremely rapid. Member countries' production of synthetic fibres rose from 9,000 tons in 1950 to 107,000 tons in 1958; the average annual rate of increase during this period was about 38 per cent and in no year was the growth in output less than 20 per cent. This rate of increase was much more rapid than that attained by the other producing countries of the world taken together, and Member countries increased their share in total world output of synthetic fibres from 12 per cent in 1950 to 25 per cent in 1958."

A recent O.E.E.C. "Supplement to 'The Textile Industry in Europe,' Statistical Study 1958" commenting on "Recent Developments and Prospects", as of October 1959, states:

> "The prospects for the various branches of the [textile] industry differ. The synthetic fibre industry, which was not much affected by the recession, is expected to continue its rapid expansion."

The data cited in these comments of the O.E.E.C. special study group on textiles definitely establish that, under present conditions, the European non-cellulosic fiber industry is experiencing a strong long-term rate of expansion.

The data concerning world excess capacity for the production of man-made fibers, in conjunction with these import trends, provide a logical basis for predicting that, at present rates of duties, the domestic industry faces a progressive loss of its domestic market to imported fibers.

In short, the industry is already at its "peril point" and any further reduction in the rates of duties would accelerate the existing trends and presage economic difficulties for the industry in the years to come.

XIII. UNITED STATES IMPORTS AND EXPORTS OF MAN-MADE FIBERS, PRESENT AND PROSPECTIVE.

The following discussion is based upon, and supported by, Table 7A attached at the end of this section, Chart 3 hereof, and Appendices A, B, B-1 and C appearing at the end of this statement. In the following discussion, statistics relating to imports and exports of rayon and acetate staple fiber are treated as relating to rayon staple fiber since the amount of acetate staple fiber imports, although not definitely ascertainable, is insufficient to influence materially any conclusions as to total amounts or trends.

The United States' present position on exports is a minor position in the world trade in man-made fibers, which will be diminished as present foreign excess capacity comes into production and as projected foreign excess capacity is installed and comes into production. In the field of rayon staple fiber, the United States is importing six to eight times the volume of its exports (Table 7A). *In the field of non-cellulosic fibers, the present and prospective position of the United States on imports and exports may be expected to follow the trend of rayon staple fiber.*

In the course of the development of the man-made fiber industry in each country, the various types of fibers come into commercial production successively rather than simultaneously. The development varies from country to country in that one country may initially be concentrating its efforts on becoming self-sufficient in one fiber while another country may be giving the same attention to another fiber. Thus, there are periods when a country lacks production of one or more fibers but is self-sufficient and may even have an exportable surplus of another fiber. In the period in which other countries are developing their production of the various fibers to meet the needs of their markets, the United States may enjoy a brief opportunity to dispose of its exportable surplus of one or more of such fibers. Temporarily, this condition gives the United States an opportunity to show a degree of exports in total fibers exceeding its imports of total fibers. The export opportunities disappear successively as various countries come into production of one or more of the fibers.

As shown by the projected increase in productive capacity abroad for non-cellulosic fibers (Chart 3), the major market areas for non-cellulosic fibers abroad are becoming self-sufficient. Indeed, the excess productive capacities recorded in Appendices A, B and B-1 demonstrate that these areas are acquiring an increasing surplus capacity for production for export.

The erratic record of the United States exports of non-cellulosic staple fibers shows that there has been no consistent development of a strong export market in United States man-made fibers.

Foreign producers will continue in the future, as they have in the past, to take over not only an increasing amount of the United States market but to supplant the United States in other export markets as their new capacities come into production.

To the extent that the Working Party established at the Sixteenth Session of the Contracting Parties to the General Agreement on Tariffs and Trade may be successful in eliminating some of the import restrictions now imposed by a number of counries against importations from Japan, the United States will be superseded as a supplier to such countries by Japan. Thus, two forces are working to reduce the United States opportunities for export of non-cellulosic staple fibers, first, the increasing capacity throughout the world, and, second, possible elimination of barriers against Japanese exports.

While the subject of rayon staple fiber is considered in more detail in the statement of the Rayon Staple Fiber Producers Association, we refer to the United States imports and exports of rayon staple fiber in order to show the increasing trend of imports and the lack of development of any consistent pattern of United States exports. In 1957, for example, when the total imports of rayon staple fiber were over 83 million pounds, the United States exports were slightly over 13 million pounds, less than one-sixth of the United States imports. In 1959, when imports of these fibers had risen to 115 million pounds, the United States exports were 13.9 million pounds, less than one-eighth of imports.

The only consistent pattern of increase shown on United States exports of these fibers is in attaining the small amount of exports to countries of Western Europe other than those in the European Economic Community and the European Free Trade Association, 326,000 pounds in 1959. On the other hand, in the period from 1956 to 1959, United States imports of rayon staple fiber from the countries in the European Economic Community increased from 55 million pounds to 63.1 million pounds and from countries in the European Free Trade Association from 29 million pounds to 44.9 million pounds, a total of 108 million pounds. The United States exports to the countries of the European Economic Community and the European Free Trade Association were 4.9 million pounds in 1956 and fell, in 1959, to 3.7 million pounds. The importance of the difference is not only in the total amounts of exports and imports but also in the trends.

In the field on non-cellulosic staple fibers, the imports show a rapidly increasing trend from the countries of the European Economic Community and the European Free Trade Association, from 435,685 pounds in 1956 to 2,734,424 pounds in 1959. The imports from these areas increased *steadily and rapidly* in this period, being in 1959 almost seven times the imports of 1956. This trend of rapid increase of imports in non-cellulosic staple fibers clearly demonstrates, first, that the present rates of duty are no barrier to such imports and, second, that, as European productive capacity increases, that area may be expected to take over an increasing amount of the United States market for non-cellulosic staple fibers.

TABLE 7A

United States Imports and Exports of Man-Made Staple Fiber
(In Pounds)

	Western Europe				Other Areas	Total
	E. E. C.	F. T. A.	Other	Total		
Rayon and Acetate Staple Fiber [1]						
U. S. Imports						
1956	55,208,106	29,109,392	4,971	84,322,469	7,441,425	91,763,894
1957	54,257,755	22,018,829		76,276,584	7,302,813	83,579,397
1958	47,022,818	29,747,036		76,769,854	6,311,602	83,081,456
1959	63,122,740	44,958,876	144,197	108,225,813	6,958,981	115,184,794
U. S. Exports						
1956	4,060,560	831,912	19,917	4,912,389	5,900,871	10,813,260
1957	2,187,609	1,163,421	19,972	3,371,002	9,686,429	13,057,431
1958	2,518,766	588,541	289,709	3,397,016	7,684,306	11,081,322
1959	2,512,558	1,223,744	326,892	4,063,194	9,885,246	13,948,440
Noncellulosic Staple Fiber [2]						
U. S. Imports						
1956	433,285	2,400		435,685	4,649	440,334
1957	484,319	159,652		643,971	16,206	660,177
1958	1,194,208	445,342		1,639,550	122,438	1,761,988
1959	1,665,354	1,069,070		2,734,424	130,241	2,864,665
U. S. Exports						
1956	2,093,937	2,892,372	839	4,987,148	3,189,438	8,176,586
1957	3,240,091	7,452,853	6,541	10,699,485	4,458,191	15,157,676
1958	1,515,441	4,444,616	33,138	5,993,195	2,776,518	8,769,713
1959	3,851,364	6,919,055	79,967	10,850,386	3,546,362	14,396,748

1. *Rayon and Acetate Staple Fiber:* Import data include the following Schedule A Commodity Classifications: 3810 030 and 3810 050 (excluding tow) (including the following Classification which was in effect prior to January 1, 1958: 3810 020). Export data include the following Schedule B Commodity Classifications: 38428 and 38430 (including tow) (including the following Classifications which were in effect prior to January 1, 1958: 384070 and 384072).

2. *Noncellulosic Staple Fiber:* Import data include the following Schedule A Commodity Classifications: 3810 060, 3810 070, and 3810 090 (including the following Classification which was in effect prior to January 1, 1958: 3810 040). Export data include the following Schedule B Commodity Classification: 38432 (including the following Classification which was in effect prior to January 1, 1958: 384079).

Source: Bureau of the Census. FT 110 and 410.

United States and World Exports

The relative weakness of the United States man-made fiber producing industry in the export markets of the world is very dramatically shown by Appendix C which presents a compilation of data on the exports of the European Economic Community, the European Free Trade Association, and the United States, for each of the principal product categories of man-made fibers for the years 1955, 1956 and 1958. These are the only years for which this Association has been able to secure such data from the Organisation for European Economic Co-operation. This compilation of export data indicates the export markets which are served by each producing area.

Exports of man-made fiber, staple and tow from the European Economic Community ranged from 103 to 123 thousand metric tons in the 1955-1958 period. Similar exports from the European Free Trade Association ranged from 19 to 32 thousand metric tons. The United States exports of the same character were comparatively insignificant, ranging from 4 to 9 thousand metric tons during that period.

With respect to exports of man-made fiber filament yarn and monofilaments, Appendix C shows that the European Economic Community enjoyed an export volume ranging from 41 to 50 thousand metric tons during the period 1955-1958 and the European Free Trade Association exported from 13 to 16 thousand metric tons during that period. The United States exports, ranging from 8 to 19 thousand metric tons, were substantially below those from the European Economic Community and in one year only slightly higher than those from the European Free Trade Association.

The minor position of the domestic man-made fiber producing industry in world export markets will not be improved by any reciprocal reductions in rates of duty which might be granted by other nations participating in the forthcoming negotiations.

As shown by Appendix C, the exports from the European Economic Community to the markets of South America in almost all categories of man-made fibers exceed the exports of the United States to this same market which is geographically closer to the United States. This export position of the European Economic Community countries illustrates most effectively the superior competitive position of the man-made fiber products of those countries in comparison with those of the United States. Any relaxation of import restrictions by South American countries would apparently be of greater benefit to the countries of the European Economic Community than to the United States.

This domination of world export markets for man-made fibers by Western European countries is also established by the following Table 8:

TABLE 8

Exports of Synthetic Fibers* (SITC Group 266), by Country of Origin, 1955-1958 and Jan.-June 1959 (In Metric Tons and Thousands U. S. Dollars)

	QUANTITY (metric tons)					VALUE (1000 US $)				
	1955	1956	1957	1958	Jan.-June 1959	1955	1956	1957	1958	Jan.-June 1959
WORLD TOTAL	217,367	232,803	242,248	228,790	116,349	$138,517	$146,154	$163,901	$150,988	$80,180
UNITED STATES	8,254	14,189	19,411	13,176	8,265	11,110	18,293	29,851	22,012	12,608
WESTERN EUROPE	206,851	214,198	213,164	198,829	106,364	126,054	125,323	128,845	121,003	66,736
EEC	122,303	133,165	132,188	114,180	62,123	76,643	79,539	81,307	70,865	39,212
Belg.-Lux.	14,066	14,121	13,693	10,853	5,555	9,187	8,298	7,948	5,889	2,941
France	16,295	11,377	9,581	14,886	7,147	10,221	6,885	6,514	9,204	4,405
West Germany	47,154	65,351	71,143	55,710	29,342	31,291	40,415	44,360	36,220	20,035
Italy	38,729	35,650	30,458	23,869	14,969	22,594	20,108	17,745	13,929	8,744
Netherlands	6,059	6,666	7,313	8,862	5,110	3,350	3,833	4,740	5,623	3,087
EFTA	73,255	69,071	66,855	73,878	39,417	43,054	39,598	40,308	44,808	25,034
Austria	18,260	20,098	22,124	30,053	14,598	10,604	11,072	12,190	15,908	8,030
Denmark	23	44	22	19	18	17	29	15	19	44
Norway	10,644	11,475	10,877	7,714	4,626	5,676	5,619	5,232	3,752	2,187
Sweden	9,108	13,540	13,606	16,588	8,241 (7,048)[1]	4,776	6,670	6,595	8,060	4,081 (5,832)[1]
Switzerland[2]	8,188	8,038	7,502	6,959	3,524	5,581	5,475	5,639	5,688	2,916
United Kingdom	27,032	15,876	12,724	12,545	8,410	16,400	10,733	10,637	11,381	7,776
Other	11,293	11,962	14,121	10,771	4,824	6,357	6,186	7,230	5,330	2,490
Finland	11,293	11,962	14,120	10,760	4,750	6,357	6,186	7,229	5,302	2,300
Ireland			1	11	74			1	28	190
EASTERN EUROPE				3,313	1,719				1,234	816
Yugoslavia				3,313	1,719				1,234	816
FAR EAST	2,262	4,416	9,673	13,472	1	1,353	2,538	5,205	6,739	20
Hong Kong	147	693	1,063	284	1	92	443	597	159	1
Japan	2,115	3,723	8,610	13,188	NA	1,250	2,089	4,597	6,559	NA
Australia	NA	NA	NA	NA	NA	11	6	11	21	19

* Man-Made Fiber, Staple, Tow, Waste, Noils and Garnetted Fiber.

NOTES: 1. Quantity and value for Switzerland, Jan.-June 1959, are given as one-half of the available figures (in parentheses) for the full year 1959.
2. Source for Switzerland figures: Foreign Service Despatch No. 143, Am.Con.Gen. Zurich, Switzerland.

SOURCE: Commodity Trade Statistics, 1955-1958, and Jan.-June 1959, Statistical Papers Series D, Vols. V-VIII, No. 4, and Vol. IX, No. 1 and 2, United Nations, New York.

Prepared from United Nations data, Table 8 covers the period 1955 through the first six months of 1959 (the latest period for which such data are available). The Table is important as additional documentation of the vastly greater volume of exports originating in Western Europe. *Even more importantly, it shows that Japan in the resurgence of its industry had overtaken the United States export volume by 1958.*

In view of these data, and the excess capacity trends for foreign production of man-made fibers presented in Charts 2, 3 and 4, it is obvious that the world exports of European and Japanese producers will continue to increase. Increased market opportunities for the output of such producers do not depend upon further reductions in United States duties which, on the present scale, are permitting rapidly increasing participation in the United States market by foreign producers of man-made fibers.

XIV. TARIFF POLICY CONSEQUENCES OF THE CHANGES IN UNITED STATES BALANCE OF TRADE.

The Commission's investigation to determine "peril points" and the Committee for Reciprocity Information hearings were directed by the Congress to insure that established trends and prospective developments in imports be given full consideration. The import trends discussed in this statement are, therefore, of a special significance to the type of consideration which the Congress clearly had in mind in requiring Tariff Commission "peril point" investigations and Committee for Reciprocity Information hearings.

With strong rates of growth in imports of man-made fibers already existing under present rates of duties, as the Charts, Appendices and Tables presented in this statement clearly establish, there is no basis for any further tariff reductions. Reductions in rates of existing duties may not be considered necessary to increase imports as no further stimulus of import trends is needed.

Notwithstanding the provisions of the Act which authorize reductions in rates of existing duties only (1) on a finding that such duties are unduly burdening and restricting the foreign trade of the United States, (2) for the purpose of expanding foreign markets for the products of the United States, and (3) for the purpose of opening foreign markets for American goods by according admission to the United States market of foreign goods which require such opportunities, nevertheless, it is frequently urged that reductions should be made in rates of United States duties for the purpose of improving unfavorable foreign trade positions or trade balances of foreign nations. Even the latter theory, which is not in accord with the Act, is factually untenable here.

Certainly the Congress did not intend that the Act would be used to reduce United States duties for the benefit of nations occupying a creditor status toward the United States.

The present and potential principal suppliers of man-made fibers to the United States are Japan and the members of the European Economic Community and the European Free Trade Association. As shown in Table 9 the balance of trade between the United States with Japan, the European Economic Community and the European Free Trade Association is in favor of these principal supplier areas. Obviously, any reductions in rates of duties on man-made fibers resulting in acceleration of the rising trend of imports of such fibers from these nations into the United States would improve their status as our creditors and worsen the debtor status of the United States.

TABLE 9

Balance of Trade of Selected Man-Made Fiber Producing Regions With the United States 1955-1959
(In Millions of Dollars)

	E.E.C.	E.F.T.A.	Japan
1955	−820	−466	−217
1956	−1462	−399	−344
1957	−1639	−604	−633
1958	−761	−66	−168
1959	+10	+247	+94

Source: 1955-1958: Statistical Abstract of the United States, 1959, Table No. 1181. 1959: U. S. Department of Commerce.

If the striking change in the trade balances of the areas shown above is accomplishment of the purpose for which reductions in our rates of duties were made in recent trade agreements, then there already has been at least an adequate reduction in our rates of duties. If the striking change by these foreign nations within the last three (3) years from unfavorable to favorable trade balances has been due to other causes, then to effect further reductions of duties is unnecessary and would obviously be to the great detriment of the United States by increasing its debtor status.

The United States has made its contribution to the improved balance of trade of the three principal man-made fiber supplier areas mentioned in the above table by extensive and steadily increasing purchases from each. The following Table 10 shows the dollar value of general imports of the United States from the European Economic Community, the European Free Trade Association, and Japan, in the period 1954-1959, inclusive.

TABLE 10

U. S. General Imports From Principal Man-Made Fiber Producing Areas, 1954-1959
(In Millions of Dollars)

	E.E.C.	E.F.T.A.	Japan
1954	928.0	885.6	279.0
1955	1,138.2	1,029.0	431.9
1956	1,415.3	1,216.5	557.9
1957	1,546.9	1,254.0	600.5
1958	1,681.6	1,373.5	670.8
1959	2,401.5	1,803.8	1,028.7

Source: U. S. Department of Commerce, WTIS 60-6.

In the case of the European Economic Community, the amount of the purchases has steadily increased, going from a 1954 base of $928 million to $2,401.5 million in 1959. From the European Free Trade Association the value of United States purchases in 1954 was $885.6 million and in 1959 increased to $1,803.8 million. The contribution to the Japanese prosperity has been even more striking with the progression in value of purchases from $279 million in 1954 to $1,028.7 million in 1959. The United States is Japan's largest customer and pays for approximately one-third of Japan's total exports.

The change in the position of the United States from a creditor to a debtor nation in its balance of trade with Japan and Western Europe is not, unfortunately, a transitory development. The change is based on a strengthened competitive position in Japan and Western Europe, as noted in a recent study by The Library of Congress Legislative Reference Service, "Exports, Imports and the U. S. Balance of International Payments."

> " . . . the economies of Western Europe and Japan not only have been restored, but have become serious competitors in world markets."

In the recent publication of *the Organisation for European Economic Co-operation* entitled "Europe and the World Economy" (Paris, April 1960), the OEEC emphasizes, at page 74, the improved productive capacity of Europe and *anticipates that the deterioration of the United States position on balance of trade may be expected to continue steadily.*

> "Making due allowance for factors which may favour United States exports, *the longer-term trend of trade between Europe and the United States still suggests a steady shift in Europe's favour.* If temporary and cyclical factors have played an important role in the deterioration of the United States foreign trade position in the past two years, the improved production capacity and the easing of excessive demand pressures in Europe, together with the greater competitive urge of European producers, have had a significant and, perhaps, less transient influence." (Emphasis added)

It is emphasized that in the foregoing discussion we have referred only to balance of trade, not to balance of payments. The balance on all our international transactions, including the steady transfer of billions of dollars unilaterally for the support of military establishments abroad, for economic aid, for travel expenditures and as private investment, would be much more adverse to the United States, amounting in 1959 to a deficit of $3.8 billion dollars, resulting in direct foreign held claims which are now approximately equal to the amount of our total gold reserve. This fact is mentioned here only to point out that it is an element to be considered in connection with any proposals to increase, by reductions in rates of duties, the importation of goods at the expense of keeping domestic productive capacity out of operation, thereby increasing the adverse balance.

It, therefore, appears to be in order to suggest that the present problem of the United States is not to find ways of reducing duties so that the foreign nations may obtain extra dollars but rather to preserve for American industry and labor what is left of our domestic markets and to seek reductions in the import restrictions of foreign nations in the hope that our nation may, as a nation, secure adequate credits in francs, deutschemarks, guilders, krones, lira, yen, and pounds sterling.

When in the history of the world has any other debtor nation ever seriously engaged in an investigation to determine how much more than required payments it would give to its creditors?

SUMMARY

In this statement we have shown that the estimate by the Tariff Commission of the maximum increase in annual imports, if any, which may occur without causing serious injury to the domestic industry producing like or directly competitive articles, and the decision of the Committee for Reciprocity Information on the question of listing the products of this industry for possible reductions in rates of duties must be based upon full consideration of the following:

1. The present rapidly increasing trend of imports of man-made fibers;

2. The potential production of the present and projected excess productive capacities of foreign nations, particularly Japan and the member countries of the European Economic Community and of the European Free Trade Association, as present and potential principal supplier areas of man-made fibers to the United States—and to the world;

3. The effect of increased imports of man-made fibers on the cotton and wool industries;

4. The safeguards erected by foreign nations against market disruption caused by increasing imports from Japan and less-developed nations and the lack of comparable safeguards for the United States;

5. The position of the man-made fiber producing industry as second only to cotton in volume of consumption in this country and as the only domestic textile industry with all its products subject to reductions in duties in the forthcoming GATT negotiations;

6. The effect on the present employees in the domestic industry by displacement of domestic man-made fibers by imports and the effect thereof on prospective employment;

7. The effect of displacement of man-made fiber production on the communities in which the producing plants of the industry are located, many of the communities being small in population and having job seekers in excess of jobs, some with substantial labor surplus and others on the border line of serious unemployment;

8. The low labor costs in the fiber producing industries of foreign nations, especially Japan and Western Europe;

9. The lower prices of imported man-made fibers;

10. The *decline* in United States capacity for the production of cellulosic man-made fibers in the period from 1955-1959;

11. The *increase* in cellulosic man-made fiber productive capacities from 1955 through 1959 in Japan, the European Economic Community and the European Free Trade Association;

12. The increasing capacities in Japan and the European Economic Community for the production of non-cellulosic man-made fibers, far exceeding the rate of growth in the United States;

13. The increases in total man-made fiber productive capacities in Japan, European Economic Community and European Free Trade Association, far exceeding the growth and rate of growth in the United States productive capacity;

14. The following facts relating to world productive capacities for man-made fibers, excess capacities, imports and exports:

a) The United States, with 29.1% of the world's productive capacity for man-made fibers, has 22.3% of the world's excess capacity; imports 24.7% of the world's imports (a larger volume than any other fiber producing country); exports only 9.3% of the world's exports of man-made fibers and 21.2% of the United States capacity is presently idle;

b) The European Economic Community, with 24.8% of the world's productive capacity for man-made fibers, supplies 52.9% of the world's exports; and has excess productive capacity equivalent to 19.7% of the United States productive capacity;

c) The European Free Trade Association, with 12.8% of the world's productive capacity for man-made fibers, supplies 26.0% of the world's exports; and has excess productive capacity equivalent to 9.5% of the United States productive capacity;

d) Japan, with 17.8% of the world's productive capacity for man-made fibers, has 46.1% of the world's excess capacity and has excess capacity equivalent to 32.7% of the United States productive capacity;

e) If the European Economic Community, the European Free Trade Association and Japan each exported to the United States the potential production of the excess capacity of each area to increase exports to the United States, the idle United States capacity would be increased to 40.9%, 30.6% and 53.9%, respectively;

f) If all three of the principal supplier areas exported the production of their aggregate excess capacity to the United States, the idle United States capacity would be increased to 83.1% and the domestic man-made fiber producing industry would be in liquidation;

15. The present rates of duty are no barrier to imports of man-made fibers from the European Economic Community, the European Free Trade Association, or Japan;

16. The research of the man-made fiber producing industry is essential to national defense and can be maintained only if the industry is permitted profitable use of its present productive capacity;

17. It is admitted that Japan can flood the United States textile markets at will;

18. Since the domestic markets for the products of our industry can be flooded with low labor cost goods by Japan in its uncontrolled discretion, the man-made fiber producing industry is at its "peril point";

19. The Congress did not intend that the determination of "peril points" should be based on confidence in the self-restraint of any foreign nation not to flood our markets;

20. The balance of international trade has so changed that the present and potential principal supplier areas of man-made fibers are creditors and the United States is a debtor nation;

21. General imports into the United States from the principal present and potential supplier areas of man-made fibers have increased at rapid rates since 1955;

22. The long-term trend of trade between Europe and the United States suggests a steady shift in Europe's favor. So also in the trade with Japan.

In brief, no reductions in rates of duties on man-made fibers may be made without stimulating imports to the serious injury of (a) the domestic man-made fiber producing industry, (b) the cotton and wool industries, (c) the employees of the industries, (d) the communities in which producing plants are located, (e) the national security, and (f) the general welfare.

CONCLUSION

We, therefore, respectfully submit that:

1. The rayon staple fiber producers are entitled to the relief which they seek;

2. The decision of the Tariff Commission should be that the man-made fiber producing industry is now at the "peril point";

3. The decision of the Committee for Reciprocity Information should be that no reductions in rates of duties on man-made fibers should be offered or conceded in the forthcoming GATT negotiations.

Respectfully submitted,

MAN-MADE FIBER PRODUCERS ASSOCIATION, INC.

By MATTHEW H. O'BRIEN
President

.....
Eugene L. Stewart

.....
Miriam Williams

COUNSEL

WORLD PRODUCTION, EXPORTS, IMPORTS, CONSUMPTION AND CAPACITY
OF MAN-MADE FIBERS--BY SELECTED AREAS
In Millions of Pounds

		A					B					C					D					E					F					WESTERN
		WORLD (Incl. Communist Europe)					WORLD (Excl. Communist Europe)					NORTH AMERICA										CENTRAL AND SOUTH AMERICA					COMMON MARKET					EUROPEAN FR
												UNITED STATES					CANADA															
		1955	1956	1957	1958	1959	1955	1956	1957	1958	1959	1955	1956	1957	1958	1959	1955	1956	1957	1958	1959	1955	1956	1957	1958	1959	1955	1956	1957	1958	1959	1955	1956
1	PRODUCTION																																
2	Cellulosics	5034.7	5261.9	5462.1	5015.4	5560.3	4307.5	4485.2	4613.0	4085.2	4568.4	1260.7	1147.9	1139.4	1021.9	1167.8	78.7	76.4	73.9	65.4	84.9	189.8	204.4	207.6	205.6	215.2	1196.0	1255.7	1311.2	1212.2	1274.9	650.2	665.5
3	Non-Cellulosics	583.4	678.6	897.9	920.3	1267.7	551.9	638.8	848.8	862.7	1201.9	379.3	400.4	515.7	490.5	645.3	13.7	15.5	21.5	21.6	30.5	1.2	1.9	4.5	6.9	10.0	76.6	99.1	133.3	160.6	233.2	45.7	56.1
4	Total	5618.1	5940.5	6360.0	5935.7	6828.0	4859.4	5124.0	5461.8	4947.9	5770.3	1640.0	1548.3	1655.1	1512.4	1813.1	92.4	91.9	95.4	87.0	115.4	191.0	206.3	212.1	212.5	225.2	1272.6	1354.8	1644.5	1372.8	1508.1	695.9	721.6
5	EXPORTS	NOT AVAILABLE																															
6	Cellulosics						742.0	775.0	796.0	736.0	823.0	28.0	40.0	52.0	40.0	39.0	2.0	2.0	3.0	2.0	4.0	16.0	16.0	14.0	10.0	13.0	444.0	465.0	448.0	409.0	449.0	204.0	197.0
7	Non-Cellulosics						NA	46.8	73.1	86.5	126.0	NA	21.5	30.3	30.9	48.8	NA	0.3	3.2	1.9	1.9	NA	0	--	--	--	NA	17.1	25.3	34.0	53.0	NA	7.2
8	Total						NA	821.8	869.1	822.5	949.0	NA	61.5	82.3	70.9	87.8	NA	2.3	6.2	3.9	5.9	NA	16.0	14.0	10.0	13.0	NA	482.1	473.3	443.0	502.0	NA	204.2
9	IMPORTS	NOT AVAILABLE																															
10	Cellulosics						408.0	403.0	381.0	316.0	393.0	174.0	94.0	85.0	84.0	117.0	16.0	14.0	11.0	10.0	15.0	26.0	28.0	29.0	30.0	29.0	62.0	76.0	82.0	68.0	78.0	46.0	54.0
11	Non-Cellulosics						NA	32.2	53.4	71.6	107.9	NA	0.7	1.6	3.6	6.5	NA	3.3	5.0	2.8	3.7	NA	4.8	2.5	10.2	16.0	NA	13.5	14.8	14.0	27.9	NA	4.0
12	Total						NA	435.2	434.4	387.6	500.9	NA	94.7	86.6	87.6	123.5	NA	17.3	16.0	12.8	18.7	NA	32.8	31.5	40.2	45.0	NA	89.5	96.8	82.0	105.9	NA	58.0
13	INTERNAL CONSUMPTION (Production less exports plus imports)	NOT AVAILABLE																															
14	Cellulosics						3973.5	4113.2	4198.0	3665.2	4138.4	1406.7	1201.9	1172.4	1065.9	1245.8	92.7	88.4	81.9	73.4	95.9	199.8	216.4	222.6	225.6	231.2	814.0	866.7	945.2	871.2	903.9	492.2	522.5
15	Non-Cellulosics						NA	624.2	829.1	847.8	1183.8	NA	379.6	487.0	463.2	603.0	NA	18.5	23.3	22.5	32.3	NA	6.7	7.0	17.1	26.0	NA	95.5	122.8	140.6	208.1	NA	52.9
16	Total						NA	4737.4	5027.1	4513.0	5322.2	NA	1581.5	1659.4	1529.1	1848.8	NA	106.9	105.2	95.9	128.2	NA	223.1	229.6	242.7	257.2	NA	962.2	1068.0	1011.8	1112.0	NA	575.4
17	PRODUCTIVE CAPACITY																																
18	Cellulosics	6061.4	6389.9	6895.4	7239.3	7368.9	5299.1	5552.4	5946.0	6227.4	6321.6	1654.5	1605.8	1558.5	1485.0	1446.3	105.5	114.5	121.0	116.5	111.0	249.6	254.9	253.4	268.1	297.0	1494.7	1566.3	1637.4	1671.2	1691.2	762.6	782.4
19	Non-Cellulosics	NA	NA	1126.3	1366.2	1659.6	781.7	883.6	1071.4	1301.0	1577.9	502.0	507.5	616.5	753.6	853.6	28.5	30.0	32.5	39.5	46.6	1.7	3.9	7.4	12.3	17.1	112.2	151.8	188.3	221.5	270.9	79.3	97.7
20	Total	NA	NA	8021.7	8605.5	9028.5	6080.8	6436.0	7017.4	7528.4	7899.5	2156.5	2113.3	2175.0	2238.6	2299.9	134.0	144.5	153.5	156.0	157.6	251.3	258.8	260.8	280.4	314.1	1606.9	1718.1	1825.7	1892.7	1962.1	841.9	880.1
21	(REPORTED 1961 PRODUCTIVE CAPACITY)																																
22	(Cellulosics)					(7834.5)					(6668.4)					(1455.0)					(107.0)					(334.2)					(1743.8)		
23	(Non-Cellulosics)					(2380.0)					(2243.9)					(1145.0)					(49.5)					(28.5)					(428.2)		
24	(Total)					(10214.5)					(8912.3)					(2600.0)					(156.5)					(362.7)					(2172.0)		
25	CAPACITY IN EXCESS OF INTERNAL CONSUMPTION PLUS EXPORTS	NOT AVAILABLE																															
26	Cellulosics						583.6	664.2	952.0	1826.2	1360.2	219.8	363.9	334.1	379.1	161.5	10.8	24.1	36.1	41.1	11.1	33.8	22.5	16.8	32.5	52.8	236.7	234.6	244.2	391.0	338.3	66.4	62.9
27	Non-Cellulosics						NA	212.6	169.2	366.7	268.1	NA	106.4	99.2	259.5	201.8	NA	11.2	6.0	15.1	12.4	NA	-2.8	0.4	-4.8	-8.9	NA	39.2	40.2	46.9	9.8	NA	37.6
28	Total						NA	876.8	1121.2	2192.9	1628.3	NA	470.3	433.3	638.6	363.3	NA	35.3	42.1	56.2	23.5	NA	19.7	17.2	27.7	43.9	NA	273.8	284.4	437.9	348.1	NA	100.5

Source: Textile Economics Bureau, Inc.

APPENDIX A

	G					H					I					J				
	EASTERN EUROPE										MIDDLE EAST					JAPAN				
	EUROPEAN FREE TRADE ASSN.					OTHER					OTHER					FAR EAST				
	1956	1957	1958	1959		1955	1956	1957	1958	1959	1955	1956	1957	1958	1959	1955	1956	1957	1958	1959
1																				
2	665.5	678.1	601.8	697.3		143.4	148.7	156.2	145.1	135.4	18.7	21.0	21.7	24.0	27.4	732.1	917.3	966.9	718.6	848.3
3	56.1	76.8	75.0	96.0		0.5	2.1	3.2	3.3	4.4	0.2	0.2	0.3	0.6	0.6	34.7	63.5	93.5	102.2	177.2
4	721.6	754.9	676.8	793.3		143.9	150.8	159.4	148.4	139.8	18.9	21.2	22.0	24.6	28.0	766.8	980.8	1060.4	820.8	1025.5
5																				
6	197.0	200.0	200.0	229.0		26.0	28.0	32.0	24.0	22.0	0	0	--	1.0	3.0	22.0	27.0	47.0	50.0	61.0
7	7.2	12.2	15.6	18.1		N A	0	0	0	0	N A	0.1	0.1	0.1	0.1	N A	0.6	2.0	4.0	4.1
8	204.2	212.2	215.6	247.1		N A	28.0	32.0	24.0	22.0	N A	0.1	0.1	1.1	3.1	N A	27.6	49.0	54.0	65.1
9																				
10	54.0	56.0	47.0	48.0		12.0	18.0	16.0	18.0	13.0	4.0	2.0	9.0	10.0	8.0	--	1.0	4.0	1.0	1.0
11	4.0	18.0	22.2	27.8		N A	0.2	0	1.8	3.3	N A	0.2	1.6	2.9	4.8	N A	0.9	1.0	1.4	1.0
12	58.0	74.0	69.2	75.8		N A	18.2	16.0	19.8	16.3	N A	2.2	10.6	12.9	12.8	N A	1.9	5.0	2.4	2.0
13																				
14	522.5	534.1	448.8	516.3		129.4	138.7	140.2	139.1	126.4	22.7	23.0	30.7	33.0	32.4	710.1	891.3	923.9	669.6	788.3
15	52.9	82.6	81.6	105.7		N A	2.3	3.2	5.1	7.7	N A	0.3	1.8	3.4	5.3	N A	63.8	92.5	99.6	174.1
16	575.4	616.7	530.4	622.0		N A	141.0	143.4	144.2	134.1	N A	23.3	32.5	36.4	37.7	N A	955.1	1016.4	769.2	962.4
17																				
18	782.4	842.7	886.9	887.2		161.2	173.1	177.5	180.6	185.2	21.4	25.8	31.8	35.7	37.4	804.0	965.5	1235.0	1471.6	1526.6
19	97.7	103.4	108.0	123.9		1.3	3.0	4.7	6.0	6.8	0.3	0.8	1.1	1.4	2.4	56.4	88.9	117.0	156.0	251.0
20	880.1	946.1	994.9	1011.1		162.5	176.1	182.2	186.6	192.0	21.7	26.6	32.9	37.1	39.8	860.4	1054.4	1352.0	1627.6	1777.6
21																				
22					(884.6)					(204.7)					(37.7)				(3552.0)	
23					(176.2)					(24.6)					(6.6)				(377.0)	
24					(1060.8)					(229.3)					(44.3)				(1929.0)	
25																				
26	62.9	108.6	238.1	141.9		5.8	6.4	5.3	17.5	36.8	-1.3	2.8	1.1	1.7	2.0	71.9	47.2	264.1	752.0	677.3
27	37.6	8.6	10.8	0.1		N A	0.7	1.5	0.2	-0.2	N A	0.4	-0.8	-2.1	-3.0	N A	24.5	22.5	52.4	72.8
28	100.5	117.2	248.9	142.0		N A	7.1	6.8	18.4	35.9	N A	3.2	0.3	-0.4	-1.0	N A	71.7	286.6	804.4	750.1

| | | |

NOT AVAILABLE

NOT AVAILABLE

NOT AVAILABLE

STATE OF NEW YORK
COUNTY OF NEW YORK } ss:

MATTHEW H. O'BRIEN, being first duly sworn, says that he has executed the foregoing statement on behalf of Man-Made Fiber Producers Association, Inc. and that the statements therein contained are based upon information supplied to him by representatives of the Members of the Association, by governmental and statistical agencies, and that he verily believes the contents thereof to be true.

.....

Subscribed and sworn to before me
this 6th day of August, 1960.

.....

SARAH E. MORRIS
Notary Public, State of New York
No. 31-8024800
Qualified in New York County
Term Expires March 30, 1962

(NOTARIAL SEAL)

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APPENDIX B

It is almost impossible to determine with accuracy the full amount of productive capacity for man-made fibers which will be available in foreign nations in 1961 and immediately subsequent years. We are listing below data in supplement to Appendix A showing planned increases in productive capacity which cannot be included in Appendix A because, in some cases, it is not known what type of man-made fiber is to be produced and, in others, the added capacity is unknown.

Argentina —Expansion of existing nylon cord plant by Ducilo S.A.I.C.

Australia —Construction of plant to produce nylon tire yarn and monofilaments.

France —Planned production of polyvinyl alcohol fiber by combination of French interests and Kurashiki Rayon Co. Ltd. of Japan and plant for production of polypropylene fiber by French interests and Montecatini (Italy).

Greece —Plans for manufacture of synthetic yarns.

India —Four projects for the construction of nylon yarn and staple, two of which have been approved already by the Government. Also projected for India, three plants for the production of cuprammonium rayon yarn, viscose rayon staple fiber, and rayon tire cord. Interests involved are Toyo Rayon Co. Ltd. (Japan), Tata Sons Pvt. Ltd. of India, Bombay Nylon Spinners, Pearl Woolen Mills, Algemeine Kunstzijde Unie N.V. (A.K.U. Netherlands) Glanztoff of West Germany, The National Rayon Corporation Ltd. of India, Indian Rayon Corporation Ltd., Century Rayon of India, and others.

Israel —Plans for construction of polyethylene plant. It is not known whether this plant will make polyethylene fiber or polyethylene film.

Italy —Plans for the construction near Adria of plant to produce, first, ethylene and acrylonitrile and, later, synthetic fiber. Snia Viscosa operating plant for acrylic staple at Cesano Maderno with initial capacity of 12,000,000 pounds to come on-stream November 1960.

Japan —Daiwa Spinning Co., Ltd. has developed a new low-cost fluorine-containing fiber said to resemble polyester fiber.

—Nissan Chemical Co., Ltd. negotiating for license from Montecatini to produce polypropylene fiber.

—Nippon Chisso Hiryo Co. planning to enter polypropylene field with assistance from Montecatini.

—Japanese organization aiding Soviet Union in construction of acrylic fiber plant.

Korea —Reports on establishment in Korea of rayon and nylon plants—Korea Rayon Co. and Korea Nylon Co.

Norway —Porsgrund Metalverk A/S is a new producer of nylon and olefin monofilaments as of May 1960.

APPENDIX B (Cont.)

Pakistan	—Pakistan Industrial Development Corporation planning to set up rayon plant.
Poland	—Imperial Chemical Industries, Ltd. building polyester fiber plant.
Romania	—Two new plants, one said to be for production of polyester fibers, the other of polyvinyl fiber, erected by Romania Chemical Research Institute.
Union of Soviet Socialist Republics	—Plans for construction of various man-made fiber plants with aid from Japan, Italy, and the United Kingdom.
Yugoslavia	—Acrylic fiber plant to be built by Courtaulds, Ltd., England.
Communist China	—Now producing rayon textile (regular and intermediate tenacity) yarn in plant with current capacity of 11,000,000 pounds and planned expansion for 11,000,000 pounds of rayon high tenacity yarn.
East Germany	—Plant capacity planned for polyester yarn and staple fiber in amount of 22,200,000 pounds and 6,600,000 pounds of nylon yarn by Chemiefaserkombinat at Guben.

APPENDIX B-1

DAILY NEWS RECORD.

NEW YORK 3, N. Y., TUESDAY, AUGUST 2, 1960

Snia Viscosa Plans To Expand Plastics, Synthetics Output

Wireless Fairchild News Service®

MILAN.—Plans for a large great expansion on production of synthetic fibres, caprolactam, plastics and power were announced Monday by Franco Marinotti president of Snia Viscosa at a special shareholders' meeting. These plans will be financed by the issue of new shares authorized by the meeting.

By this financial operation, starting Sept. 5, Snia's capital stock will be raised from the present $44 million to $64,050,008 plus cash money from an additional charge equivalent to $22 million, entirely interest free.

Mr. Marinoti noted: (1) over-all Italian production of synthetic fibres increased 50 per cent during the first half of 1960, while that of Snia's polyamige, lillion, was 100 per cent. (2) Caprolactam produced by Snia under its patent rights cost 50 per cent less than produced by any other man-made fibres producers. This fact explains payment of 10 years royalty by Courtaulds, Ltd., for using this process in the United Kingdom.

Mr. Marinotti also said that he was forced to refuse a license to E. I. du Pont de Nemours & Co., having given Allied Chemicals an option to the right on this process. (3) Over-all production of synthetic fibres by Snia has reached a monthly average of one million kilos, 60 per cent of which goes into export.

(4) By January of 1961, a new plant between Varedo and Cesano Maderno (Milan) will be ready for production of "Koplon," new fibers to be used alone or in blends with cotton, said to have its characteristics plus higher tenacity. Its cost is reported to be 30 to 40 per cent cheaper than that of cotton of similar quality. (5) Next year "Acron" or Acrolon, acrylic fiber, will enter into industrial scale production. (6) "Dialux," Snia's plastic material is now being produced at an average of 70 to 80 tons a month.

(7) Snia will be self-sufficient for electric power in a few years. At present her thermo-power plants produce 120 million Kwh and must reach a target of 600 millions.

In the fifth line of the third paragraph of the above article, the words "polyamige, lillion," are typographical errors for "polyamide, lilion," the name for nylon fiber produced by Snia Viscosa. We are informed that the reference in the fourth paragraph to refusal of license is in error as no license was requested.

This dispatch illustrates the constantly increasing expansion of productive capacity for synthetic fibers, which is proceeding at such a rate in foreign countries that it is practically impossible to give complete data on any particular date.

COMPARISON OF UNITED STATES, COMMON MARKET, AND FREE TRADE ASSOCIATION
EXPORTS OF MAN-MADE FIBERS AND YARN BY REGIONS OF DESTINATION: 1955, 1956, AND 1958
(Quantity in Metric Tons)

FROM: TO:	TOTAL	North America	United States	Central America	South America	Western Europe					Eastern Europe	Middle East	Africa	Far East	Other	Adjustment: Far East/ Middle East[3]
						Total	E. E. C.	F. T. A.	Other[1]	Unspec.[2]						
MAN-MADE FIBER TOPS																
E. E. C. (OEEC Data)																
1955	4,727	124	16	12	105	1,997	1,011	810	143	33	1,174	264	1	574	468	(8)
1956	6,017	167		23	138	3,007	1,716	1,119	136	36	1,231	146	18	722	558	(7)
1958	5,094	219	84	67	72	1,779	910	501	326	42	2,308	139	33	213	254	(10)
F. T. A. (OEEC Data)																
1955	n.a.															
1956	n.a.															
1958	1,093	94			14	469	121	231	117		9	8	4	495		
U. S. (OEEC Data)																
1955	180	48		63	7	59	38	12	2	7			1	1	1	
1956	554	259		104		178	176		2					6	6	(1)
1958	1,944	166		22	33	987	564	405		18		63	23	636	14	
U. S. (Bureau of Census Data)																
1955	179	49		62	7	59	42	15	2					2		
1956	555	263		104	1	179.2	178	1	0.2			1	0.4	7		
1958	1,943	172		26	33	989	582	406	1			63	23	636		
MAN-MADE FIBER WASTE, NOILS, AND GARNETTED FIBER																
E. E. C. (OEEC Data)																
1955	3,202	379	90		1	1,570	1,300	149	8	113	41	38	166		1,004	(3)
1956	3,178	189	171			1,754	1,336	209	16	193	16	47	80		1,091	(1)
1958	6,105	656	617			2,609	2,118	324	47	120	4	50	680	30	2,075	(1)
F. T. A. (OEEC DATA)																
1955	888	16	16	154		697	505	151	7	34	8		7		2	(4)
1956	1,227	63	63	114		952	495	303	54	100			92		2	(4)
1958	12,687	1,211	695		1,978	5,639	2,360	2,319	860	100	101	857	897	1,992	12	
U. S. (OEEC Data)																
1955	3,706	297		718	4	1,015	953	24		38			1,048	445	174	(5)
1956	4,444	271		1,150	12	628	582		2	44			1,295	857	216	(15)
1958	1,913	199		402	3	624	615			9		26	235	381	38	(5)
U. S. (Bureau of Census Data)																
1955	4,210	702		766	18	1,151	1,042	108	1			1	1,114	457		
1956	5,009	703		1,280	44	667	660	5	2			32	1,400	882		
1958	2,218	445		422	11	650	641	9				57	248	386		
CELLULOSIC STAPLE FIBER AND TOW																
E. E. C. (OEEC Data)																
1955	112,694	44,392	43,595	1,297	2,186	12,796	3,888	7,094	1,778	36	24,928	8,430	7,676	6,365	4,608	(16)
1956	122,314	24,314	24,162	779	4,402	16,733	5,163	9,192	2,322	56	33,542	6,803	11,997	18,592	5,103	(34)
1958	99,997	18,823	18,637	305	2,451	17,963	7,252	8,511	2,204	96	30,826	5,664	12,998	4,676	6,245	(46)
F. T. A. (OEEC Data)																
1955	8,330	3,820	3,820	19	35	2,453	1,167	835	444	7	266	305	762	664	5	(1)
1956	12,709	2,073	2,073	143	154	2,705	1,844	173	656	32	6,247	61	961	360	5	
1958	15,730	4,073	4,073	117	140	2,197	757	488	938	14	4,778	1,201	2,056	1,151	11	(6)
U. S. (OEEC Data)																
1955	n.a.															
1956	n.a.															
1958	n.a.															
U. S. (Bureau of Census Data)																
1955	1,706	211		76	422	210	119	82	9			141	510	139		
1956	4,905	790		186	332	2,228	1,842	377	9			108	998	262		
1958	5,027	1,107		17	248	1,641	1,243	267	131		13	170	1,445	487		
NONCELLULOSIC STAPLE FIBER AND TOW																
E. E. C. (OEEC Data)																
1955	1,274	36	32	2	180	904	197	613	68	26	34	15	45	28	29	(1)
1956	1,100	40	37	7	6	796	282	414	60	40	101		17	60	73	
1958	2,684	387	384		8	1,391	571	603	163	54	334	59	14	124	361	
F. T. A. (OEEC Data)																
1955	n.a.															
1956	16					16		6		10						
1958	6					6				6						
U. S. (OEEC Data)																
1955	n.a.															
1956	n.a.															
1958	n.a.															
U. S. (Bureau of Census Data)																
1955	2,137	953		21	10	1,143	371	770	2			3	4	3		
1956	3,709	1,356		20	35	2,262.4	950	1,312	0.4			6	0.3	30		
1958	3,978	508		66	138	2,718	687	2,016	15			2	35	510		
MAN-MADE FIBER STAPLE AND TOW																
E. E. C. (OEEC Data)																
1955	113,971	44,429	43,628	1,300	2,366	13,702	4,094	7,720	1,847	41	24,962	8,445	7,722	6,395	4,632	(18)
1956	123,415	24,354	24,201	786	4,411	17,533	5,473	9,614	2,388	58	33,644	6,808	12,029	18,649	5,167	(34)
1958	102,684	19,213	19,023	305	2,462	19,355	7,740	9,175	2,370	70	31,162	5,728	13,015	4,804	6,593	(47)
F. T. A. (OEEC Data)																
1955	18,861	3,820	3,820	19	35	2,453	1,167	835	444	7	266	305	762	664	10,536	(1)
1956	31,722	5,127	5,111	463	1,533	4,436	2,503	1,213	680	40	6,710	165	1,062	1,129	11,116	(1)
1958	29,553	7,019	7,014	249	1,474	4,958	1,299	2,565	1,056	38	10,841	1,612	2,111	1,259	19	(11)

(Continued)

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COMPARISON OF UNITED STATES, COMMON MARKET, AND FREE TRADE ASSOCIATION
EXPORTS OF MAN-MADE FIBERS AND YARN BY REGIONS OF DESTINATION: 1955, 1956, AND 1958 (Continued)
(Quantity in Metric Tons)

FROM: / TO:	TOTAL	North America	United States	Central America	South America	Western Europe					Eastern Europe	Middle East	Africa	Far East	Other	Adjustment: Far East/ Middle East[3]
						Total	E. E. C.	F. T. A.	Other[1]	Unspec.[2]						
MAN-MADE FIBER STAPLE AND TOW (Continued)																
U. S. (OEEC Data)																
1955	4,361	1,443		145	448	1,444	544	886	2	12		142	515	142	79	(3)
1956	9,178	2,409		310	386	4,501	2,820	1,672		9		84	1,007	291	156	(34)
1958	9,310	1,782		95	392	4,254	1,838	2,268	145	3	13	199	1,469	989	110	(7)
U. S. (Bureau of Census Data)																
1955	3,845	1,164		97	432	1,353	490	852	11			144	514	142		
1956	8,614	2,146		206	367	4,490.4	2,792	1,689	9.4			114	998.3	292		
1958	9,005	1,615		83	386	4,359	1,830	2,283	146		13	172	1,480	997		
MAN-MADE FIBER (INCLUDING STAPLE, TOW, WASTE, NOILS, AND GARNETTED FIBER)																
E. E. C. (OEEC Data)																
1955	122,373	44,792	44,001	1,314	2,472	17,440	6,611	8,782	2,003	44	26,178	8,757	8,328	6,976	6,093	(23)
1956	133,165	24,723	24,402	809	4,550	22,305	8,613	11,078	2,536	82	34,933	7,029	12,629	19,383	6,758	(31)
1958	114,180	20,092	19,737	373	2,538	23,997	11,018	10,105	2,788	86	33,484	5,923	13,766	5,054	8,899	(54)
F. T. A. (OEEC Data)																
1955	65,086	30,745	27,290	192	1,865	14,439	10,139	2,954	1,274	72	6,162	985	4,940	5,636	33	(39)
1956	68,911	14,788	13,096	670	3,656	17,859	12,134	3,647	1,937	141	16,278	614	5,255	9,725	61	(5)
1958	73,387	17,179	16,418	259	3,466	18,574	10,134	5,626	2,700	114	15,701	3,149	7,215	7,779	36	(30)
U. S. (OEEC Data)																
1955	8,248	1,788		925	460	2,519	1,541	965	4	9		143	1,565	587	253	(8)
1956	14,179	2,940		1,563	399	5,309	3,619	1,678	3	9		114	2,302	1,159	376	(17)
1958	13,165	2,147		518	427	5,862	3,032	2,685	145		13	291	1,727	2,007	163	(10)
U. S. (Bureau of Census Data)																
1955	8,234	1,915		925	457	2,563	1,574	975	14			145	1,628	601		
1956	14,178	3,112		1,590	412	5,337	3,630	1,695	12			147	2,399	1,181		
1958	13,166	2,232		531	430	5,998	3,053	2,698	147		13	292	1,751	2,019		
FILAMENT CELLULOSIC YARN AND MONOFILAMENTS (EXCEPT HIGH TENACITY)																
E. E. C. (OEEC Data)																
1955	84,153	48	29	290	1,058	15,665	8,545	5,378	1,718	24	10,643	8,205	2,742	26,452	19,017	
1956	86,235	112	86	291	939	15,532	7,953	6,400	1,147	32	9,303	9,072	2,287	29,367	19,408	(24)
1958	65,804	162	118	86	293	10,271	6,073	3,546	620	32	10,867	3,916	846	20,182	19,153	(28)
F. T. A. (OEEC DATA)																
1955	1,018			5	2	612	48	290	255	19	202	118	12	56	11	
1956	985				3	484	57	308	100	19	168	171	14	131	8	(6)
1958	1,288			7		539	204	210	101	24	411	70	121	131	4	(5)
U. S. (OEEC Data)																
1955	n.a.															
1956	n.a.															
1958	n.a.															
U. S. (Bureau of Census Data)																
1955	n.a.															
1956	n.a.															
1958	2,761	535		919	240	151	10	141			746	11	10	149		
CELLULOSIC HIGH TENACITY FILAMENT YARN																
E. E. C. (OEEC Data)																
1955	n.a.															
1956	n.a.															
1958	n.a.															
F. T. A. (OEEC Data)																
1955	n.a.															
1956	n.a.															
1958	14,698														14,698	
U. S. (OEEC Data)																
1955	n.a.															
1956	n.a.															
1958	n.a.															
U. S. (Bureau of Census Data)																
1955	n.a.															
1956	n.a.															
1958	8,806	847		526	2,351	37	1	36				743	1,615	2,688		
NONCELLULOSIC FILAMENT YARN AND MONOFILAMENTS																
E. E. C. (OEEC Data)																
1955	2,286	16	9		22	934	151	683	89	11	3	6	14	27	1,261	(3)
1956	4,315	25	18	6	83	2,610	708	1,481	401	20	102	68	40	91	1,287	(3)
1958	8,284	490	487	66	298	3,550	777	2,237	518	13	754	309	136	437	2,235	(9)
F. T. A. (OEEC Data)																
1955	10					9		2		7					1	
1956	4					4				4						
1958	44					33	7	18	2	6			1		10	
U. S. (OEEC Data)																
1955	n.a.															
1956	n.a.															
1958	n.a.															
U. S. (Bureau of Census Data)																
1955	n.a.															
1956	n.a.															
1958	7,716	549		1,624	1,623	2,424	1,476	881	67		204	100	462	731		

(Continued)

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COMPARISON OF UNITED STATES, COMMON MARKET, AND FREE TRADE ASSOCIATION
EXPORTS OF MAN-MADE FIBERS AND YARN BY REGIONS OF DESTINATION: 1955, 1956, AND 1958 (Continued - p. 3)
(Quantity in Metric Tons)

FROM: TO:	TOTAL	North America	United States	Central America	South America	Western Europe					Eastern Europe	Middle East	Africa	Far East	Other	Adjustment: Far East/ Middle East[3]
						Total	E. E. C.	F. T. A.	Other[1]	Unspec.[2]						
MAN-MADE FIBER FILAMENT YARN AND MONOFILAMENTS																
E. E. C. (OEEC Data)																
1955	40,528	60	36	134	805	9,567	4,069	4,886	596	16	3,197	1,350	586	4,563	20,254	(12)
1956	44,531	109	77	247	652	10,777	4,393	5,776	581	27	3,988	1,609	324	6,155	20,662	(8)
1958	49,867	514	476	81	394	10,814	5,314	4,725	794	11	7,090	1,599	610	7,367	21,354	(14)
F. T. A. (OEEC Data)																
1955	13,206	93	15	63	180	3,404	746	1,210	1,432	16	1,049	1,076	630	6,680	27	(4)
1956	15,289	114	13	54	69	4,258	1,044	1,641	1,545	24	571	1,184	617	8,356	36	(13)
1958	16,032	115	32	70	138	4,056	784	1,816	1,422	34	991	922	1,186	8,515	29	(10)
U. S. (OEEC Data)																
1955	n.a.															
1956	n.a.															
1958	n.a.															
U. S. (Bureau of Census Data)																
1955	7,536	1,731		1,871	1,216	2,272	1,502	568	202			92	65	288	1	
1956	8,342	1,638		1,990	1,045	2,889	2,106	610	173			141	290	350		
1958	19,283	1,931		3,069	4,214	2,612	1,487	1,058	67		950	854	2,087	3,568		
CELLULOSIC SPUN YARN																
E. E. C. (OEEC Data)																
1955	6,281	14	13	65	449	2,276	707	1,289	239	41	323	1,076	613	400	1,054	
1956	7,670	36	28	418	667	2,574	1,015	1,187	329	43	15	734	556	1,476	1,170	(24)
1958	6,453	5		155	49	3,085	1,208	1,604	220	53	753	490	688	203	1,010	(15)
F. T. A. (OEEC Data)																
1955	212					162		159	1	2				49	1	
1956	254					168		162		6				82	4	
1958	256			11		145		135	1	9			13	76	11	
U. S. (OEEC DATA)																
1955	n.a.															
1956	n.a.															
1958	n.a.															
U. S. (Bureau of Census Data)																
1955	1,510	71		1,252	135	8	3	4	1			3	7	34		
1956	1,734	75		1,538	40	2	1	1						80		
1958	1,467	65		1,262	60	14	8	5	1		1	4	5	56		
NONCELLULOSIC SPUN YARN																
E. E. C. (OEEC Data)																
1955	3,198	20	16	11	149	2,504	1,073	1,089	311	31	108	52	105	210	28	(11)
1956	1,662	9	8	42	83	1,026	382	362	258	24	206	54	93	115	32	(2)
1958	3,536	88	54	292	55	1,946	897	915	105	29	272	217	119	495	46	(6)
F. T. A. (OEEC Data)																
1955	35					34		31		3					1	
1956	51				1	48	43		5						2	
1958	117				7	109	37	67	1	4					1	
U. S. (OEEC Data)																
1955	n.a.															
1956	n.a.															
1958	n.a.															
U. S. (Bureau of Census Data)																
1955	54	17		7	12	9	2	7				1	1	7		
1956	211	48		52	25	26	1	24	1			2	13	43	1	
1958	292	119		7	27	26	7	8	11		37	21	25	29		
MAN-MADE FIBER SPUN YARN																
E. E. C. (OEEC Data)																
1955	6,460	12	9	70	504	2,684	916	1,505	224	39	386	1,081	169	480	1,058	(16)
1956	8,349	36	28	461	730	3,134	1,286	1,462	354	32	221	790	254	1,532	1,180	(11)
1958	10,015	95	57	447	106	4,990	2,120	2,550	289	31	1,027	719	856	728	1,035	(12)
F. T. A. (OEEC Data)																
1955	2,060	49	14	19	13	1,178	43	379	738	18	5	190	166	414	11	(15)
1956	2,417	125		45	11	1,270	197	466	593	14	16	146	199	577	16	(12)
1958	2,872	123	7	76	19	1,199	155	455	574	15	33	99	186	1,095	34	(8)
U. S. (OEEC Data)																
1955	n.a.															
1956	n.a.															
1958	n.a.															
U. S. (Bureau of Census Data)																
1955	1,564	88		1,259	147	17	5	11	1			4	8	41		
1956	1,945	123		1,590	65	28	2	25	1			2	13	123	1	
1958	1,759	184		1,269	87	40	15	13	12		38	25	30	85		

(Continued)

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COMPARISON OF UNITED STATES, COMMON MARKET, AND FREE TRADE ASSOCIATION
EXPORTS OF MAN-MADE FIBERS AND YARN BY REGIONS OF DESTINATION: 1955, 1956, AND 1958 (Continued - p. 4)
(Quantity in Metric Tons)

FROM: / TO:	TOTAL	North America	United States	Central America	South America	Western Europe					Eastern Europe	Middle East	Africa	Far East	Other	Adjustment: Far East/ Middle East [3]
						Total	E. E. C.	F. T. A.	Other [1]	Unspec. [2]						
MAN-MADE FIBER YARN (FILAMENT AND SPUN) AND MONOFILAMENTS																
E. E. C. (OEEC DATA)																
1955	95,961	217	177	381	1,655	21,791	10,163	9,215	2,376	37	11,083	9,236	3,456	26,787	21,317	
1956	101,179	338	283	773	1,713	22,387	10,248	9,813	2,291	35	9,651	9,993	3,045	31,388	21,855	(36)
1958	101,522	933	844	725	911	21,729	10,660	9,204	1,836	29	17,837	7,237	3,902	25,804	22,413	(31)
F. T. A. (OEEC Data)																
1955	33,811	595	453	285	978	17,582	8,786	5,792	2,961	43	2,178	2,104	1,550	8,453	51	(35)
1956	39,013	685	419	758	917	21,217	11,492	6,358	3,330	37	1,734	1,997	1,545	10,078	50	(32)
1958	40,837	525	324	1,399	1,014	19,315	9,756	6,596	2,892	71	3,675	1,908	2,093	10,782	84	(42)
U. S. (OEEC Data)																
1955	9,597	1,810		3,143	1,384	2,404	1,602	598	204			98	136	418	203	(1)
1956	10,783	1,706		3,540	1,130	2,961	2,096	690	175			145	346	611	343	(1)
1958	21,226	2,054		4,283	4,297	2,657	1,498	1,082	76	1	988	882	2,125	3,669	269	(2)
U. S. (Bureau of Census)																
1955	9,100	1,819		3,130	1,363	2,289	1,507	579	203			96	73	329	1	
1956	10,287	1,761		3,580	1,110	2,917	2,108	635	174			143	303	473	1	
1958	21,042	2,115		4,338	4,301	2,652	1,509	1,071	79		988	879	2,117	3,653		

Footnotes:

1. Data recorded under the column "Other" under "Western Europe" indicate the volume of exports to Western European countries other than those comprising the E. E. C. and F. T. A.
2. Data recorded under the column "Unspecified" under "Western Europe" refer to exports which were not identified by country of destination beyond the fact of being destined for Western Europe.
3. Data shown under the column "Adjustment: Far East/Middle East" refer to shipments recorded by the OEEC as being destined to "Asia" without further specification. A portion of these amounts would be allocable to the "Middle East" and a portion to the "Far East" as those regional terms are used in this table.

Other Notes:

Columns will not add in all cases due to omissions in the basic data from which the table was derived.

Quantities shown under the column "Other" next to the last column on the right side of the page consist principally of exports from the Netherlands. That country does not disclose destinations of exports.

Cross-reference table of OEEC and Bureau of Census commodity classifications:

Description As Shown in Above Table	OEEC (S.I.T.C. Classification)	Bureau of Census (Schedule B Commodity Classification)				
Man-Made Fiber Tops	266 01 30	38444	38446			
Man-Made Fiber Waste, Noils, and Garnetted Fiber	266 01 20	38434	38436	38440	38442	
Cellulosic Staple Fiber and Tow	266 01 15	38428	38430			
Noncellulosic Staple Fiber and Tow	266 01 11	38432				
Man-Made Fiber Staple and Tow	266 01 10	38428	38430	38432		
Man-Made Fiber, Staple, Tow, Waste, Noils, and Garnetted Fiber	266	38444 38440 38432	38446 38442	38434 38428	38436 38430	
Cellulosic Filament Yarn and Monofilaments (except High Tenacity)	651 06 26	38414	38410			
Cellulosic High Tenacity Filament Yarn	651 06 25	38412				
Noncellulosic Filament Yarn and Monofilaments	651 06 21				38416	38418
Man-Made Fiber Filament Yarn and Monofilaments	651 06 20	38414	38410	38412	38416	38418
Cellulosic Spun Yarn	651 06 15	38422				
Noncellulosic Spun Yarn	651 06 11	38424				
Man-Made Fiber Spun Yarn	651 06 10	38422	38424			
Man-Made Fiber Yarn (Filament and Spun) and Monofilaments	651 06	38414 38418	38410 38422	38412 38424	38416	

SOURCE: OEEC Data: Statistical Bulletins, "Textiles," 1955, 1956, 1958 (Paris, October 1957; November 1959).
Bureau of Census Data: Report FT-410.

The O. E. E. C. Statistical Bulletin for 1958 (published in November 1959) is the latest available publication containing detailed information on exports of E. E. C., F. T. A., and the U. S. by product categories and by destination. Efforts to secure a similar O. E. E. C. report for 1957 were unsuccessful.

66226 O - 61 (Face p. 496) No. 4

Mr. O'BRIEN. Yes, sir, I intend to make interpolations.
Senator PASTORE. All right, sir.

STATEMENT OF MATTHEW H. O'BRIEN, PRESIDENT, MAN-MADE FIBER PRODUCTS CORP., INC., ACCOMPANIED BY EUGENE L. STEWART, WASHINGTON COUNSEL, AND MISS MIRIAM WILLIAMS, SECRETARY AND COUNSEL FOR THE ASSOCIATION

Mr. O'BRIEN. Mr. Chairman, Senator Thurmond, my name is Matthew O'Brien. I appear as president of Man-Made Fiber Producers Association. With me are my associates, Mr. Eugent L. Stewart, Washington counsel for the association, and Miss Miriam Williams, secretary and counsel for the association.

We appreciate this opportunity to appear at this hearing. We did not appear at the earlier hearings because we thought you were primarily then concerned with the fabric mill level of the industry.

We do appear now because with one exception, rayon staple fiber, all of the products of our industry are subject to possible reduction under GATT negotiations.

We particularly request this committee to study the problems arising from the manner in which the Trade Agreements Act is administered.

We call attention to the conditions detrimental to the industry in the procedures since 1958, the procedures leading to and including the GATT negotiations.

May I say, Mr. Chairman, we endorse the principle of quotas but we feel, nevertheless, that there will be administrative procedures to be considered in connection with quotas, and since quotas have not yet become a part of our law, we must give consideration to the present procedures and the present procedures do threaten our industry.

In the course of this presentation, we will refer, if time permits, to certain conditions as to the production of manmade fibers here and abroad, not, however, for the purpose of asking this committee to pass on the questions which have been presented to the Tariff Commission and the Committee for Reciprocity Information but rather to demonstrate to this committee the disadvantages under which this industry suffers under present procedures.

We will make certain recommendations which we trust will appeal to the committee as a means of correcting the procedures which are to the disadvantage of our industry and the entire textile industry.

Character of the industry: To identify our association and industry, we submit the following information:

The membership of the Man-Made Fiber Producers Association, Inc., is comprised of 14 companies listed in exhibit A attached to our written statement engaged in the production of manmade fibers.

These companies produce the great bulk of the manmade fibers in commercial production in this country. In the industry, there are, however, other companies in commercial production and coming into production. The data which we will submit relate to the industry, not merely to our membership.

Plants and locations: Manmade fibers are produced in 86 plants, in 46 communities, in 20 States, most of the plants being located in communities of less than 40,000 population. The plants are concentrated

in New England, the Middle Atlantic States, and Southern and Central States.

Exhibit B attached to our written statement gives the locations of the manmade fiber producing plants, the fibers produced and the approximate population of the plant communities.

Employment situation: The employment situation in more than half the communities in which the industry's plants are located ranged in mid-1960, under the classification criteria used by the Bureau of Employment Security, from "jobseekers slightly in excess of jobs" to "substantial and persistent labor surplus." We have reason to believe that since then the situation may have deteriorated rather than improved.

The labor situation in Nitro, W. Va., a plant site, was classified as "substantial and persistent labor surplus."

Seven communities in which manmade fiber producing plants are located—Parkersburg and South Charleston, W. Va.; Providence, R.I.; Lewistown and Meadville, Pa.; Kinston, N.C., and Cumberland, Md., were classified as "substantial labor surplus."

Six of the communities in which plants of the industry are located—Childersburg and Decatur, Ala.; Rome, Ga.; Chattanooga, Tenn.; New Bedford, Mass.; and Seaford, Del., were classified as "jobseekers in excess of jobs."

In 30 of the communities in which the industry's plants are located, the labor situation was rated "jobseekers slightly in excess of jobs." These communities are on the borderline and any additional displacement of workers in these areas would probably bring these communities into a lower rating in the labor situation.

The smaller communities, particularly when located in States without a high concentration of industrial activity, are unable to withstand reduced employment and curtailment of tax revenues and of payments for materials and services without serious economic consequences.

As reported on January 15, 1960, the industry employed more than 64,000 individuals, of whom more than 48,000 were production workers. As of the same date, the weekly payroll of production workers was more than $4¼ million.

Employees worked on the average slightly less than 40 hours a week and received a weekly pay averaging $87.70, which is higher than the wages paid in textile mills generally and higher than the average in industries manufacturing nondurable goods.

Investment of manmade fiber producers in plants and equipment per production employee is over $38,000.

Investment and expenditures of the industry: The utility and fuel costs of the industry amounted in 1959 to approximately $52 million. The haulage costs for shipment of raw materials to fiber-producing plants and of manmade fibers from the plants to customers amounted to more than $59 million in 1959.

In 1959 the expenditures of the industry for raw materials and supplies amounted to almost $700 million.

The investment of the industry in land, buildings, and machinery alone was on December 31, 1959, almost $2 billion, which represents the cost of fiber-producing facilities and does not include the cost of facilities to produce chemicals and other raw materials.

Relation to cotton and wool: In the consumption of fibers in this country the manmade fibers rank second only to cotton.

It is not, however, practical to consider manmade and natural fibers as entirely separate items, as is being done by the Trade Agreements Committee in its list of commodities on which it is offering concessions to foreign nations.

The fibers compete with and supplement each other. The "offer list" includes all manmade fibers and fabrics made therefrom, but omits broad woven fabrics of cotton and wool.

This omission is undoubtedly in recognition of the injury already done under existing trade agreements and the two-price policy for cotton. The textile industry of the United States has been caused considerable distress by the rapid increase of imports.

The inclusion of all manmade fibers and of fabrics thereof on the "offer list" indicates the failure to recognize the effects of increased imports of these products on cotton and wool.

The committee's first report refutes the generally accepted idea that there has been a spectacular increase in the production of textile fabrics from manmade fibers. The committee's report deals with the production of broad woven fabrics in this country. In other words, it deals with mill consumption of fibers and domestic production of fabrics, rather than total domestic consumption of textile products, including imports of fabrics, apparel, and other articles. The significant increase in imports of fabrics and items of apparel has had an effect on the consumption of all fibers by domestic mills.

It is recognized by the Marketing Research Division, Agricultural Marketing Service of the U.S. Department of Agriculture, in Technical Bulletin No. 1210, published in 1959, and entitled "Changes in American Textile Industry," that the competitive position of American cotton is affected by marked increases in supplies and improvements in quality and suitability of manmade fibers available at attractive prices, and that there is a similar effect on wool.

The point we desire to emphasize is that American cotton and wool can better compete with American produced fabrics made wholly or in part of domestic manmade fibers produced under American standards of working conditions and wages than with manmade fiber products produced by low-cost foreign nations.

In our opinion, the cotton industry of this country is not suffering nearly as much from competition of the domestic manmade fiber production as it is, first, from the two-price system of cotton and resulting imports of fabric and apparel and, second, from the imports of fabrics made with spun yarns of manmade fibers and apparel made therefrom by foreign manufacturers.

Obviously, further reductions in rates of duty on manmade fibers will not only displace domestically produced manmade fibers but will also displace domestic production of cotton and wool products, which could have been pointed out to the Trade Agreements Committee and the Interagency Textile Committee had either of them taken advantage of consultation with the Textile Advisory Committee.

National defense: As a part of the industry which is second only to steel as essential to national defense, we have included in the memorandum a statement of the great efforts being made by research in this industry to meet the new needs caused by the high speed missiles

and by atomic weapons which are of tremendous importance. These will be discussed at the end of this presentation if time permits.

At the present time, the United States has a substantial lead over Russia in both plant and technology required for producing the new noncellulosic fibers. The Russians are, however, making tremendous efforts to meet and surpass our progress in these fields, and have already done considerable excellent research work on tire cord and tire design.

The long-range security of the country is, therefore, dependent on scientific research and development not only in the area of weapons and munitions but also in manmade fibers, a field in which the very high research costs can be assumed only by producers who are able to maintain profitable production and sale of the present products of the industry.

Our Government cannot hope readily to duplicate in any Federal military research laboratory the fund of scientific information and experience being maintained in the research staffs of the manmade fiber producers.

The problems presented to this industry in the development of new fibers to meet the above needs require not only a thorough knowledge of the chemistry of fibers but also knowledge of, and experience in, spinning yarns, weaving, knitting, dyeing and finishing of fabrics, and in the manufacture of garments and articles therefrom.

The manmade fiber-producing companies cannot maintain such research staffs if their present production facilities are idled by the displacement of domestic manmade fibers through imports.

I hope to come back to that and give you more detail if time permits, on the type of items on which we are working for national defense.

The existing duties are no barrier to imports: As was pointed out in extensive detail in our memorandum filed with the Tariff Commission and the Committee for Reciprocity Information in August 1960, existing duties on manmade fibers are no barrier to imports and for many years there has been an almost unbroken trend of increases of manmade fiber imports into this country.

Imports during 1960 have dropped. In 1960 the domestic production and shipments of cellulosic fibers declined and domestic production and shipments in the field of noncellulosic fibers showed a diminishing rate of increase with a tendency to level off.

We desire to point out, however, that a mere temporary decline in imports over a few months is not a test of the adequacy of duties but rather that the problem must be evaluated on the basis of import trends in the past and potentialities.

The steadily increasing trend of imports of manmade fibers over the past several years until 1960 clearly establishes that existing rates of duty have been no barrier to imports and that the temporary decline is due to other causes.

For the information of this committee, we have attached to our written statement exhibit C setting forth tables showing imports, domestic shipments, and production of manmade fiber filament yarn, staple and tow, broken down by cellulosic and noncellulosic fibers for the years 1954 through 1960. The figures for 1960 are estimated, based on incomplete data for that year.

Since we are not in this hearing asking this committee to pass on the propriety of present rates of duty on manmade fiber products or the propriety of proposed reductions in rates of duty, we are not at this time including the more detailed discussion of imports as related to domestic shipments and production which was contained in our memorandum filed with the Tariff Commission and the Committee for Reciprocity Information last August, but we are pleased at this time to make it available to the members and staff of this committee.

Senator PASTORE. We will incorporate it by reference here.

Mr. O'BRIEN. If you so desire, Mr. Chairman; it is rather lengthy.

(The exhibit was incorporated into the record by reference.)

Mr. O'BRIEN. Defects of trade agreement procedures: To demonstrate the handicaps under which this industry is suffering in trade agreement negotiations, we propose to contrast the procedure being followed by agencies of the Government with the procedures recommended by this committee in its first report.

Failure to consult with industry on tentative offer list: On May 27, 1960, the Interdepartmental Committee on Trade Agreements gave notice of a list of imported articles to be considered for prospective reductions in duties in trade agreement negotiations. This action was initiated by the United States seeking negotiations under which it could agree with foreign nations on reducing our duties.

The offer list was published by Department of State late in the afternoon of Friday, May 27, and the 30-calendar-day period for the filing of objections commenced to run immediately.

Monday, May 30 was a holiday, Memorial Day, and for many Washington representatives of industries copies of the State Department notice and list of the commodities became available for the first time on Tuesday, May 31. In each industry this information then had to be forwarded to trade associations and to the member companies, replies obtained, statistical and other data secured and the whole thereof reduced to a memorandum of written objections and filed in Washington not later than June 27.

Certainly this was not a generous allowance of time for a matter so important and, through inadvertence or otherwise, the notice was handled so as to reduce the effective period.

The offer list was compiled without conference with industry or, so far as we know, with the Interagency Textile Committee and certainly without conference with the Textile Advisory Committee established in accordance with the report of this committee. Since that date the manmade fiber producing industry has been under threat of reduction in duties and increased imports of foreign manmade fibers.

We are impressed by the fact that this committee recommended the establishment of a permanent interagency committee but that a sort of ad hoc committee was appointed. We note that the Tariff Commission and some other agencies which this committee recommended be represented on the Interagency Textile Committee were not so represented.

This committee recommended, as the members will recall, that the Interagency Textile Committee work with the Textile Advisory Committee. The broad terms of reference to the Interagency Committee and the Textile Advisory Committee would appear to cover consultation with the Trade Agreements Committee before decision to list

textile products as commodities on which this country would offer further reductions in our duties. This is a matter of extreme concern to the manmade fiber-producing industry because all of our products were included on the so-called offer list published in May 1960. Our industry had no opportunity to confer on the formation of the offer list before foreign producers were advised that the duties on our products might be reduced. We are informed that, in the preliminary work with the so-called country committees, there was established the policy that the individuals engaged in the work of making up the offer list should not confer with industry.

Inadequacy of public hearings as substitute for consulation: After the publication of the offer list, the industries whose commodities appeared on the list were given an opportunity to appear in defense of present rates of duty or to indicate the inadequacy of present rates of duty before the Tariff Commission and the Committee for Reciprocity Information. This was the first opportunity the textile industry had to present its case.

In the period from August 8 to 12, inclusive, the Tariff Commission and the Committee for Reciprocity Information, each devoting one-half of each day, conducted all the hearings relating to cotton manufactures and to fibers and manufactures of flax, hemp and jute, wool, silk, and manmade fibers.

Senator PASTORE. Say that again, Mr. O'Brien.

Mr. O'BRIEN. In the period from August 8 to 12, inclusive, the Tariff Commission and the Committee for Reciprocity Information, each devoting one-half of each day, conducted all the hearings relating to cotton manufactures and to fibers and manufactures of flax, hemp and jute, wool, silk, and manmade fibers.

Senator PASTORE. Did this include the peril-point proceedings?

Mr. O'BRIEN. It included the hearing upon which the Tariff Commission determined whether to institute escape-clause investigations. In other words, when they found the production had gone beyond the peril point as a result of these hearings and their investigations——

Senator PASTORE. Had we already had a peril-point proceeding?

Mr. O'BRIEN. No, sir. The escape-clause proceedings which grow out of these hearings are initiated by the Tariff Commission when they find that past reductions in duty have taken commodities beyond their peril point.

Mr. STEWART. If I may interject for the chairman's benefit, the hearings that Mr. O'Brien referred to from August 8 to 12 by the Tariff Commission and Committee for Reciprocity Information included the peril-point investigation of the Tariff Commission, that is, the public hearings in connection therewith, as well as the policy considerations of the interdepartmental committee known as the Committee for Reciprocity Information. Therefore, in this short space of time, half a day each day, the entire textile industry in all of these sections presumably was inquired into by these two agencies. Obviously, an impossibly short period of time.

Mr. O'BRIEN. Particularly in view of the fact that the list had been prepared without consultation with industry and the Textile Advisory Committee.

Senator PASTORE. Which is adding insult to injury.

Mr. O'BRIEN. Indeed, sir, taking the hearings as a whole, in the period of approximately 2 months, the Tariff Commission and the Committee for Reciprocity Information were expected to become informed on some 2,500 commodities listed for prospective reduction in rates of duties to the intimate degree necessary to evaluate the effect of such reductions.

The peril point procedure in connection with duties on 2,500 items encompassing broadly the industries of this country allowed the Tariff Commission 6 months after May 27, 1960—not 6 months after hearings—in which to make its determination of peril points on all 2,500 items, the same period of time allowed in an escape clause investigation involving only one commodity.

When the Tariff Commission determines as a result of the public hearings on the offer list that it should institute an escape clause investigation, the affected industry learns the decision directly by publication of the notice of the investigation in the Federal Register and by receipt of questionnaires from the Commission.

In no other case, Mr. Chairman, does the Commission to which 500 or more witnesses in July and August 1960, presented opposition to proposed reductions in rates of duties on their commodities, communicate its decisions and recommendations to the affected industry. Of all the products considered in the July and August hearings of the Tariff Commission, the Commission determined to undertake only eight investigations. Thus, under present procedure, there is a tribunal to which domestic industry presents its case but from which in the overwhelming majority of cases it never learns the decisions or recommendations.

The Tariff Commission makes its recommendations to the President. These recommendations which presently are not published may be to the effect that under the existing rates of duty the industry is at its peril point or that some percentage of reduction in duty less than the 20 percent allowed under the law will bring the industry to its peril point or possibly that the duties may be reduced by the full 20 percent allowed by law without imperiling the industry.

Presumably, upon consideration of these recommendations of the Tariff Commission, a new list is prepared of the commodities on which reductions in rates of duty may be offered to foreign nations. The list may include commodities which the Tariff Commission has recommended be removed from the list on the ground that they are new at their peril point. This list is classified as to domestic industry. When the negotiators at the outset of the GATT negotiations exchange lists, the foreign negotiators learn the commodities on which the United States is prepared to offer concessions in rates of duty.

Scandinavian countries have advisers from industry on their negotiating delegations. This is true of Denmark, Finland, and Sweden, the latter having advisers from the Textile Council.

Brazil's chief negotiator was an industry man, a nongovernment employee. Many on its delegation were from Brazilian industries.

The problem is not so much of getting representatives on the delegation as it is getting the delegation opened to advice and suggestions by industry. The American delegation is practically incommunicado once it leaves this country and the members are not permitted to discuss the negotiations with any representative of American industry.

This is not true of the negotiating delegations of any other country. They are free to talk to industry representatives at any time. Industry representatives are quite often at hand for consultation and welcomed.

Senator PASTORE. You may be interested to know I raised precisely that question with Mr. Hodges when he was here for the hearing on confirmation and he agreed with me, that we should have advisers of American industry as they have from other countries to advise our negotiators at GATT.

Mr. O'BRIEN. I am delighted to hear that, sir, because as I have just mentioned, our condition is not true of other countries.

Now the determination of a peril point on any commodity by the Tariff Commission becomes known to the affected industry only when the President elects to override the determination and approve a reduction in duty beyond the established peril point, and so reports to the Congress.

The period of time from the publication of the "offer list" to the proclamation of new duties by the President may be 18 months or more. Originally scheduled for January 1961, the negotiations on reductions of U.S. duties have not yet begun and are not now expected to commence until after Easter 1961 and may be further delayed if more time is needed to resolve the impasse over the common duties of the European Economic Community. It will probably be 1962 before the final results are known.

During all those months, the domestic textile industry is under threat of reduction in rates of duty and increased imports, a situation not conducive to orderly planning. If, however, industry were permitted to know the Tariff Commission's determination of peril points, then a degree of stability would be attained in any industry which learned that its products had been removed from the "offer list."

We believe that these proceedings before the Tariff Commission constitute the only instance in our law where a domestic industry presents a defense and may never learn the decision.

After the final "offer list" is prepared upon consideration of the findings and recommendations of the Tariff Commission and the Committee for Reciprocity Information, the negotiating team leaves for Geneva and enters into negotiation with negotiating teams of foreign nations.

During the period of these negotiations the domestic industry is not represented either on the negotiating team or by an industry consultant in Geneva. We are informed that members of the negotiating teams have been advised in the past not to confer with domestic industry and to avoid contact with any industry representatives who might be at the site of the negotiations. In past negotiations there have been two to four individuals appointed to represent the public point of view and presumably to appraise all proposed reductions to determine the effect thereof upon industry, agriculture, and labor.

Recently, the Trade Policy Committee has evolved a plan for a minor change in consultants at the site of the negotiations.

I sincerely trust it is not this plan the Secretary was referring to because it is entirely inadequate. This plan contemplated, according to the announcement, that there will be 12 advisers serving in panels of 6 at a time in Geneva and that these advisers will represent do-

mestic industry, agriculture, labor, and the public during the negotiations.

In addition to these two groups of six advisers, the present policy contemplates that there may be a group of consultants at some distance from the site of the negotiations, namely, in Washington, who may be called upon for information.

The effect is that reductions in rates of duty on textile commodities or on the commodities of any other industry may be negotiated without the presence in Geneva of, and without advice and consultation at that site from, anyone from the affected industries.

Recommended procedures: Having now reviewed the procedure by which our textile products are subject to reductions in duties in GATT negotiations, we desire to point out a procedure which we believe to be more fair and equitable to domestic industry and more in accord with the expressed desires of the Congress and with the purpose and tenor of this committee's 1959 report.

We believe that it was contemplated in this committee's 1959 report that the Interagency Textile Committee would be consulted on the preparation of an "offer list" and that the Interagency Textile Committee would have the benefit of consultation with the Textile Advisory Committee.

Upon such consultation, the Interagency Textile Committee could have been advised by representatives of each textile fiber not only of the effect of reductions in rates of duty on that fiber but the effect of reductions in rates of duty on other fibers. The authorities preparing the "offer list" would have been advised not only as to the injury to the American textile industry but as to the identity of the chief beneficiary of any concession.

Government officials dealing with present inadequate statistics on imports of specific commodities of this industry cannot, it is respectfully submitted, make independently the same evaluations of duties as could be obtained by conferring with producers of the affected commodity and producers of competing textile commodities.

In the case of the proposed reductions in rates of duty on manmade fibers, it would have been established beyond doubt that the principal potential beneficiary would be Japan, a nation which has not asked that the duties on manmade fibers be reduced.

The conclusion is obvious that, if the trade agreement is to be reciprocal, little or nothing may be expected from Japan in reciprocity for a concession which it does not seek and certainly a reduction which inures principally to the benefit of Japan will induce no other country to make any important reciprocal concession.

The potential imports as a result of decreased duties could have been estimated by demonstrating to the Trade Agreements Committee the excess productive capacity of Japan and other nations.

There is attached to our statement chart 2 from our memorandum filed with the Tariff Commission which shows the rate of increase in productive capacity in Japan, in the nations of the European Free Trade Association, and of the European Economic Community for the production of cellulosic fibers. This chart also shows the decline in the U.S. productive capacity for the same commodities. The chart, which covers the period from 1955 through 1959, if brought up to date, would show a further decline in U.S. productive capacity

for cellulosic fibers and a further increase in foreign productive capacity.

There is also attached to our statement chart 3 which shows for the same period of years the increase in productive capacity for noncellulosic fibers in the same areas and in the United States.

The chart indicates a tremendous increase in Japanese productive capacity, a considerable increase in capacity of the nations in the European Economic Community, and an increase in the U.S. productive capacity only slightly in excess of the increase in the nations of the European Free Trade Association.

Since all of the foreign nations are increasing capacities beyond their domestic needs, the excess must go to exports, and the United States is the preferred export market. This industry could have demonstrated, if it had the opportunity, that the United States has less than 30 percent of the world's producive capacity for manmade fibers and more than 20 percent of such capacity is presently idle.

We supply less than 10 percent of the world's exports of manmade fibers, but receive approximately 25 percent of the aggregate imports of the world's fiber-producing countries.

Japan has more than 46 percent of the world's excess productive capacity, which is equivalent to approximately 33 percent of the U.S. productive capacity, and, if used for the production of fibers for export to the United States, would cause the idle productive capacity in the United States to increase to more than 50 percent.

The data from which these charts were prepared are attached hereto as exhibit D.

Senator PASTORE. Mr. O'Brien, at the rate you are going, you are going to take more than an hour.

Mr. O'BRIEN. I will try to speed up.

Senator PASTORE. I wish you would. I have three other witnesses, and we have to conclude all these hearings by 4:30 this afternoon.

Mr. O'BRIEN. Let me say briefly——

Senator PASTORE. You see all these charts and all these appendixes, we will study them completely and thoroughly.

To understand them well, you have to sit down by yourself and really look at this carefully.

Mr. O'BRIEN. Let me just say, with reference to the charts, there is included in the memorandum to the Tariff Commission the basic data on which the charts are prepared. So that those you may have, not only the charts, not only the index, but the basic data.

One more chart, Mr. Chairman, chart 5, shows the excess capacity which may return to imports in the country, and on the reverse of that chart is the basic data.

Now, we could, of course, if we had an opportunity, then demonstrate not only that information, but that many countries have restricted imports of manmade fibers from Japan, and low-cost countries, leaving us the almost inevitable market for surplus products.

I won't go into detail on the labor situation, except to say, that we showed Japan at 21 cents an hour; United States, $2.66 an hour; and we used the figures taken from the Bureau of Labor Statistics on foreign rates and from the Textile Economics Bureau for rates in our own industry.

It is impossible to contemplate, let me just say this on wages, any error in the Government statistics on labor costs which would bring foreign labor even close to domestic labor.

Now, the problem of Japanese competition in the textile field, apparently not well recognized by those who prepared the "offer list," was well stated by the Honorable Douglas Dillon, then Under Secretary of State, following a visit to Japan, in a television interview on June 19, 1960, as follows:

> Certainly it is true that the Japanese wage scale is much lower and that if they so desired to concentrate on certain areas they could produce certain things such as textiles far cheaper than we can, and could flood our markets. The Japanese have been aware of that and we have worked with them and they have taken action, good action, to control their exports so that they will not disrupt markets, not go too heavily into any one area.

The significance of the Japanese ability to "flood our markets" is of particular importance when it is considered that the Japanese, as the then Under Secretary of State noted, may be selective in determining the portions of our markets which they will invade and we depend upon Japan's "good action" not to disrupt our textile markets.

Without changing to any great degree the total volume of exports from Japan to the United States, they can at their will concentrate such exports in any selected field so as to usurp that market.

Voluntary quotas: The establishment of voluntary quotas on Japanese exports of textiles which has recently been advocated by the Secretary of Commerce, according to press reports, is no proper or adequate answer to the problem created by increasing imports of textiles.

In the first place, the control of our duties and imports should rest with the Congress of the United States and not on the agreement of the foreign nation. In the second place, such quotas on Japanese exports to this country give no security against excessive imports from Italy, India or other low-cost nations.

The rapid increase in India's production and productive capacity for cellulosic fibers is shown by the following data:

Production:		
1952	pounds	8,000,000
1959	do	81,400,000
Productive capacity:		
1960	do	97,000,000
1961	do	165,100,000

Source: Textile Economics Bureau, Inc.

As India increases its textile production, the wages and costs in Japan and Italy will by comparison appear high and yet such textiles could compete in the U.S. market if the quota were only a voluntary restriction accepted by Japan.

When it is considered that the Japanese exports of rayon and acetate filament yarn to the United States in the first 5 months of 1959 amounted to 0.7 percent of the total imports of such products and, in the first 5 months of 1960, amounted to 79.7 percent of imports of rayon and acetate filament yarn, then, naturally, one wonders at what point, if any, will the Japanese be satisfied and take "good action, to control their exports so that they will not disrupt" the domestic market for manmade fibers.

We desire to supplement the answers given yesterday concerning quotas and import restrictions imposed by Japan, and for that purpose we will quote from Government publications. Our first reference is to the publication issued jointly by the Departments of State, Commerce, and Agriculture, Department of State Press Release No. 208, dated April 25, 1960. (Complete documents incorporated by reference and are on file with the committee.)

Here is what they say about Japan:

All commercial imports are subject to license. Two basic systems of import licensing are in general use, the automatic approval system, and the fund allocation system.

Approximately one-third of the semiannual foreign exchange budget is set aside for import of specified items on the automatic approval list, and licenses are granted automatically on a first-come, first-served basis.

Under the fund allocation system, the Ministry of International Trade and Industry (MITI) issues import notices announcing opening and closing dates for filing import license applications, currency to be used in payment, and other matters in regard to delivery prices, etc. The Ministry of International Trade and Industry may not necessarily allocate the amount of foreign exchange applied for and may designate source of supply.

Now that is very definitely establishment of quotas.

The Japanese Government announced the removal of discrimination against the dollar area on some items in the dollar area in the establishment of a more liberal system. The elimination of items in the dollar area relates to items from this Nation, from a nation which is the debtor nation—while Japan is the creditor nation.

They further announce, and you will note all these announcements, are reductions, not eliminations, a reduction in discrimination against the dollar area in April 1961.

This is a statement of the Department of State.

Now, to save time, I would like to place in the record a document of the Department of Commerce, Foreign Commerce Weekly, dealing with foreign imports control, dated January 23, 1961, in which the question as to whether import license is necessary is answered as to Japan by the simple statement "Yes."

Senator PASTORE. How long is it?

Mr. O'BRIEN. Pardon?

Senator PASTORE. How long is the article?

Mr. O'BRIEN. It is about four pages.

The pertinent part is simply a few lines relating to Japan.

Senator PASTORE. All right; we will include it by reference.

(The article referred to was incorporated into the record by reference.)

Mr. O'BRIEN. I would like also to refer to another document entitled "Industrial Developments in Japan," part I, No. 60–41, published by World Trade Information Service which sheds further light on Japanese restrictions on imports, and to include by reference, or incorporate, Press Release No. 468 of GATT, issued November 17, 1959, from the GATT information office in Tokyo showing steps taken to remove some of the discrimination against the dollar area.

Senator PASTORE. That will be included by reference.

(The documents were included into the record by reference.)

Mr. O'BRIEN. By reference also, I might refer to pages 6 and 7 of the brief of the United States-Japan Trade Council filed with the Committee of Reciprocity Information on July 11, 1960, and acknowledging the establishment of Japanese quotas.

Senator PASTORE. Now, may I ask a question, Mr. O'Brien? Have you developed in your presentation the matter of exports of manmade fibers?

Mr. O'BRIEN. We have, we have data. That is primarily in the other memorandum to the Tariff Commission, which we are filling.

Senator PASTORE. Will your attorney please point out for our consultant just where that appears?

Mr. O'BRIEN. Mr. Stewart will be pleased to take over on imports and exports.

Senator PASTORE. In other words, what I am trying to get at, at the present moment, while there has been an influx of importation of manmade fibers, as you have pointed out—you have developed that quite well—what I am trying to do is develop at this point, if it can be developed vis-a-vis, what has been our export with reference to that?

Is there anything in this presentation that brings that out?

Mr. O'BRIEN. I will ask Mr. Stewart to answer you.

Mr. STEWART. I have supplemental material, Mr. Chairman, that will bring it out, and I will describe it very briefly, if you like.

Senator PASTORE. All right.

Mr. STEWART. In addition to this document, I will also make reference to the document that is before you.

Senator PASTORE. The reason why I am pushing this a little bit at this moment, because we have three other witnesses and this room will not be available to us tomorrow, there is another hearing taking place. I want to give all others an opportunity to be heard.

I would caution the other witnesses to present their statements and to recapitulate within the time that they have claimed they would like to have.

Mr. STEWART. Your question with regard to exports in this industry is most helpful because it brings out a facet of world trade which has not been brought out in the hearings thus far. The document which I handed you consists of three pieces of paper stapled together. On the first sheet there is recapped the number of manmade fiber plants throughout the world, the countries in which they are located, and the fibers they produce. This will give you some needed perspective for figures which follow.

On the second sheet, labeled "U.S. imports and exports of manmade staple fiber," we have shown separately for rayon and acetate. the cellulosic fibers, imports versus exports, and you will notice that the exports, while increasing or fluctuating moderately, are far below the level of U.S. imports.

You will note also that U.S. exports of noncellulosic staple fiber, in contrast with U.S. imports, are much larger. So that if one were merely to look at the statistics, you would reach the conclusion that this industry so far as noncellulosic fibers, enjoyed a significant export trade.

The first step in getting some perspective on these figures is to look at the third sheet, where we have taken from United Nations statistical data, world exports of manmade fibers, and you will notice

there, that the United States in 1959, the latest year for which such data are available from the U.N., exported 19,000 metric tons, but world exports were 256,000 tons, and note, Mr. Chairman, that the European Economic Community exported 122,000 tons compared with the United States of 19,000, and that West Germany, Italy, Austria, United Kingdom, all have exported quantities larger or as large as the United States.

So placed in this context, the volume of exports enjoyed by this industry is not larger or more significant than that of other countries with which we compete; as a matter of fact, it is considerably smaller than most.

Mr. Chairman, if you could turn for just a moment to the Tariff Commission brief, and pull out the last exhibit, which is appendix C, I will not go into detail on this exhibit, but through data made available by the Organization for European Economic Cooperation on textiles, we have patiently collected export statistics for each important category of manmade fibers and showed the exports from the EEC, Free Trade Association, and from the United States, to various areas af destination.

An examination of these figures will show that the exports of the industry in the countries with which we compete are larger, much larger than ours, in virtually all categories.

Having examined those data, then the facts shown on the top sheet of the group of three, which I handed to you, where the location of the plants of producing manmade fibers throughout the world as set forth, will show you that this industry is not recouping in foreign trade by way of exports what it is losing or is threatened with loss of by way of imports.

One further comment of explanation. The noncellulosic fibers such as nylon, acrylic fibers, polyester fibers, are the newer fibers. In general, these fibers were developed commercially in the United States before they were elsewhere in the world, but very soon after the U.S. industry worked out the bugs of producing and using these fibers in textile operations, plants were created abroad. As those plants were under construction and their owners began to move into their own markets, for a period of time, they would bring in imports from the United States until their own production is established, at which time our exports to that country show a declining trend.

So the export figures for noncellulosic fibers have built into them these temporary volumes of exports which result from the factor that I have just described. The older sector, the cellulosic fibers, will indicate to you how our exports disappear as world production becomes established, and the markets of other countries are taken over by their own home industries.

I trust that this explanation will be sufficient, but I am in Washington, and will be happy to confer with your staff on any further points that may occur to you.

Senator PASTORE. Now, are you saying that the importations of these manmade fibers are injuring your domestic industry?

Mr. O'BRIEN. Mr. Chairman, our industry must be divided in two segments on that. There is pending before the Tariff Commission, an escape clause proceeding in which the producers of rayon staple fiber have testified that they are operating at a loss as a result of imports;

that investigation was initiated by the Tariff Commission on peril point findings. It is not our contention that the noncellulosic fibers are yet in a similar situation. We are impressed by the trend of imports, and foreign capacity, and we are raising this question now rather than waiting until we get in the condition of rayon staple fiber and cotton industry. In other words, we see the handwriting on the wall.

The CHAIRMAN. And what are you suggesting that the country do about it?

Mr. O'BRIEN. We are suggesting that they no longer place our products on the offer list, particularly offers to nations which have the capacity to take our whole market, and particularly, where the principal beneficiary will be a nation that has not requested that there be any reduction in duty.

We show by our charts, if they are examined, that there is a capacity sufficient to cause the liquidation of this industry if the production of foreign excess capacities are diverted here. We also show that in addition to the conrtols Japan imposed, 14 foreign nations are restricting these imports. And in that connection, I would like to leave with the committee a report of GATT Secretariat on inquiries to those 14 nations on their restrictions.

Senator PASTORE. All right, that will be incorporated by reference.

(The report was incorporated into the record by reference.)

Mr. O'BRIEN. If I may say a word more about quotas, we have already shown that Japan felt when its economy so required, that quotas, currency, and exchange controls and licensing were proper.

Our record, our statements, and the report of GATT, I submit, will show 14 European nations feel their economies require protection of quotas.

I submit, therefore, that there is no violation of any principle for the United States to learn from Japan and those 14 countries the method of protecting its textile industry.

I do want to say one thing that has not been brought out about quotas here, however. Quotas may be the salvation——

Senator PASTORE. I would recommend strongly, Mr. O'Brien, that if there is anything that you are remarking on that has been written and submitted to the committee, that you forego it. If it is something new that has not been submitted, I will expect you to complete the record on it.

Mr. O'BRIEN. This is an interpolation not included in the statements submitted to the committee.

Senator PASTORE. All right.

Mr. O'BRIEN. Quotas may be the salvation of the American textile industry. It is possible that quotas on imports may completely ruin the American textile industry. Now the Congress cannot establish specific commodity quotas. That detail is beyond the time and attention Congress can give to that. The power must therefore be delegated.

I have discussed the procedures of these administrative agencies and their lack of conference with industry because quotas may become sentences of economic death if they result in giving a damaging volume of imports of our market and giving foreign nations a vested interest in that. The whole life of our community could be risked if the quotas are not properly ascertained and applied.

Now, since there must be some delegation of authority, we have to suggest that it is not a problem that can be completely solved by any arithmetical calculation. It might be desirable to consider a percentage of domestic consumption, of domestic production, of domestic production capacity or other elements, but after we pass that point, there still must be determined to what class each quota applies. And if the class is made too broad, that can be of great damage to the industry.

For example, if there were one quota for manmade fibers the foreign nations could concentrate, let's say, on the rayon staple fiber, which is already operating in red ink and completely eliminate that industry.

Recognizing, therefore, that there must be some delegation of administrative discretion in those matters, we urge, and if you will permit me to file a supplement, I will not go further with this interpolation, we urge and set forth suggestions as to requirements for safeguards to prevent abuse of administrative discretion or action beyond criteria, standards, boundaries, and limits established by Congress.

Senator PASTORE. How long will it take you to give us that?

Mr. O'BRIEN. I can probably give you that tomorrow; tonight if you want it.

Senator PASTORE. You can do it within a week?

Mr. O'BRIEN. Oh, yes.

Senator PASTORE. All right. Will you submit it for the record within a week, or anything else you want to add?

Mr. O'BRIEN. Yes, I want to say we were greatly reassured by the chairman's statement concerning S. 1. We have been quite disturbed by the new philosophies appearing in the summary statement of the committee. Our concern about S. 1 was that we saw that it was following a line that might be used later as a reason for eliminating peril point and escape-clause procedures.

Senator PASTORE. I only gave my own opinion. I certainly will challenge that when that legislation comes up, unless there is a clear explanation in the report of the committee that it is not intended as a substitute.

Mr. O'BRIEN. It is our hope that the legislative history will prevent that idea from arising. We are filing a number of recommendations; I will not repeat all. I want to mention one.

We suggest at the time of the publication of any tentative offer list, in which the United States is willing to make reductions, there be published the name of the principal beneficiary nation. And we also suggest that the Textile Advisory Committee be expanded to include every segment of the textile industry.

Gentlemen, I doubt that when your first report was written that you appreciated the effect on the apparel industry, for example. The apparel is after the mill, we are before the mill. We suggest the Textile Advisory Committee be expanded to include all.

I would like to include in my supplementary statement a few remarks on the inadequacy of statistics which leave us unarmed in many of these matters.

Senator PASTORE. All right, Mr. O'Brien, you may do that.

Mr. O'BRIEN. Now, finally, I will say this in closing:

We respectfully request that this committee consider our recommendations with reference to quotas and for improvements of admin-

istrative procedures as they appear immediately before the conclusion of our written statement filed with this committee.

Our industry has, we believe, made a significant contribution to the domestic economy. It is an industry based on chemical research which is constantly seeking to develop new fibers for defense as well as civilian needs and to develop improvements in existing fibers and new uses thereof.

Our plants represent large investments—about two billion dollars in the aggregate. Our investment per employee is high—$38,000. Our wage rates are high—our conditions of employment, our safety records and our fringe benefits are high.

No theorist is going to be able to convert the plants and the highly specialized equipment which produces fibers from solutions or melts into the production of other commodities—and where is the genius who is going to find the new industries, production of which is needed and which have not already been found by private investors.

Scrapping such equipment as ours would not be progress but economic waste. Attempts to turn our mature, highly trained, experienced technicians into apprentices in new fields would be a fantastically injurious human waste.

Through their skills, we built a new industry, supplied new products for improved standards of living.

We have grown with and contributed to the growth of the national economy.

We seek no Government aid or grant. We ask only that our Government recognize our industry is not expendable without detriment to the national economy and defense and that our Government cease offering us a sacrifice—a detrimental sacrifice for nebulous prospects of benefit to the national economy.

Senator PASTORE. Discussion off the record.

(Off the record.)

Senator PASTORE. Let me put it this way, Mr. O'Brien: if there is anything that has not been submitted to this committee that you feel we should have, will you please include it in the supplemental statement and we will assure you that we will study it very exhaustively, very attentively, and I hope very prudently.

Senator THURMOND. Mr. Chairman, on that point, I had some questions that I had written out here, because I thought they were important, but it will take about 10 minutes to ask them and get them answered and I am just going to ask, if it meets the chairman's approval, that I submit these questions to him, and let those questions and answers be placed in the record at the end of his remarks.

Senator PASTORE. That is satisfactory.

Mr. O'BRIEN. We will be pleased to do so, Senator Thurmond.

Senator THURMOND. Thank you.

Mr. O'BRIEN. We thank the committee.

1. Senator Thurmond's first question was as follows:

"The committee is generally familiar with the importance of the textile industry to national defense. Are there any special aspects of the man-made fiber industry which give it added importance so far as our national security is concerned?"

The special aspects lie primarily in the special research capabilities of the manmade fiber-producing industry, as reflected in much of the developmental work now being carried out in wide-ranging fields of chemical textile technology. A description of the research capability and national security importance of the industry appears under the heading "National Defense," which commences on

page 7 of the memorandum filed by this association with the committee. The information is limited, of course, to unclassified material but shows the extent to which improvements in missiles, jet aircraft, and nuclear weapons create great problems of heat and radiation requiring various uses of unconventional textiles attainable only through the ability of manmade fiber producers to create special fibers with the necessary extraordinary qualities.

2. Senator Thurmond's second question was as follows:

"How do we stand in the technology race against the Russians so far as manmade fibers and the chemistry of such fibers are concerned?"

Added importance is given to the industry's research programs by the fact that the domestic industry is considerably ahead of Russia in chemical fiber technology upon which such specialized defense applications ultimately will rest. In the past few years the Russians have been extremely active in the purchase of man-made fiber plants and technology from other nations of the world in an all-out effort to pull abreast of the United States. The pace, therefore, of our domestic industry's research activities in manmade fiber technology must be maintained. As pointed out in our testimony, increasing imports of manmade fibers with their inevitable consequences in displacement of domestic production and reduction of operations in this country threaten to retard or diminish the industry's ability to continue this pace of research.

Further reference to this subject appears on page 10 of the memorandum filed with the committee:

3. Senator Thurmond's third question was:

"Are you familiar with the provisions of S. 1, the depressed areas bill, as it applies to areas hurt by imports? In your opinion is a provision of this type an acceptable substitute for import regulation?"

We are familiar with the provisions of S. 1 and, of course, have no objection to the employment of all reasonably productive forms of governmental assistance to meet the necessities of populations of distressed areas; but we do object to the implication of the import injury provision of the bill. It would seem that the bill contemplates the propriety of injury by admission of imports and the alleviation of distress as an adequate remedy.

The bill should not in any sense be regarded as an acceptable substitute for effective administration of the remedies now contained in Federal law such as the peril point, escape clause, and national security amendments of the trade agreements law, or the antidumping, countervailing duties, or unfair competition provisions of our tariff laws. These remedies should be invoked, as intended by the Congress in enacting them, to prevent an increase in the numbers of distressed areas by affording to domestic production and employment in all areas of the Nation reasonable stability against the disruptive effects of increased importations of commodities produced abroad under labor standards far below the minimum standard tolerated in the United States.

We also feel that as a substitute for the import regulation mentioned in the Senator's question, the provisions of S. 1 are impractical. It is impossible for our Government by any form of loan, dole, or otherwise, to provide an acceptable substitute for employment under American working conditions and at American wages. We further doubt that there can be readily found new industries to supplant those destroyed by imports which will not, in turn, be subject to the same treat of injury. It is disheartening that the bill contemplates as a condition precedent to action the destruction of present employmen by imports, as though this Government were presently powerless to prevent such economic loss and human waste.

Acceptance of the import distress provisions of S. 1 would place in our law two separate, conflicting policies on the same subject: One in the Trade Agreements Act providing for peril point hearings and escape clause procedures, the purpose of which is to prevent or cure injury to American industry and labor while keeping the industry intact: and the other, the provision in S. 1 that instead of attempting to effectuate this policy, destruction of industry and employment will be accepted, and given a decent burial, while some neublous efforts are made to invoke economic reincarnation as an ultimate remedy.

A distinction should be drawn between the approach contained in S. 1 and that which was embodied in the National Industrial Recovery Act adopted by the Congress in 1933. That act, as S. 1 today, was addressed to the correction of conditions of acute economic distress and unemployment which existed in the United States. Then, rather than accepting a principle of action which allowed a major cause of the injury to continue, the Congress in the National

Industrial Recovery Act incorporated a provision directing the Tariff Commission to make an investigation at the request of labor or industry, and authorized the President to impose quotas or even embargoes on imports when it was found that such imports were impairing the full employment, wage and hours, and fair competition standards authorized by the act.

The striking difference in the approach evidenced in the two bills is that the National Industrial Recovery Act sought the cooperation of present industry to relieve the then-existing unemployment. S. 1 contemplates acceptance of existing unemployment while a time-consuming search for new industries is made. The one reflects an immediate concern for alleviation of the human distress involved in unemployment; the other refuses to put existing instruments of employment back into operation for the prompt relief of unemployment. Built into S. 1 is the implied premise that any employment which may result ultimately in new industries may require skills and aptitudes for which the unemployed in the area are unsuited. If the Senate Interstate and Foreign Commerce Committee is looking for a precedent for constructive action to cope with distressed areas being victimized by excessive import competition, we suggest they have at hand a more meaningful approach in the import regulation provision of the National Industrial Recovery Act than that embodied in S. 1.

4. The fourth inquiry of Senator Thurmond was as follows:

> "You have placed great stress, and properly so, on the necessity for overhauling our trade agreement procedures. If the Congress were to consider the establishment of import quotas for the regulation of textile imports, what relevance, if any, would your remarks about procedures have?"

Our comments about the manner in which the existing trade agreement procedures have been administered show quite clearly, we believe, that not all the administrative officials charged with that operation have acted in consonance with the intention of the Congress in delegating authority to them. Should this committee decide to recommend a system for the establishment of quotas, it, too, like the trade agreements program, would have to be administered under some delegation of authority from the Congress. The experience of the recent past under the trade agreements program offers no hope that the administrators of the quota system would be any more responsive to the intention of the Congress than they have been in the trade agreements area. Particular care, therefore, will be required in the statement of the guiding criteria under which the delegation of authority would be made.

For example, the criteria selected for the establishment of import quotas must be so explicit as to reduce to a minimum the use of administrative discretion in the operation of the quota system. Further, the legislation should include the definite requirement that at all stages of the procedures in the establishment or revision of quotas the administrative officers dealing therewith consult representatives of affected sectors of the textile industry.

The Congress should prescribe the basis for establishing quotas in terms of a stated percentage of either domestic consumption or domestic production for the categories of products within each sector of the textile industry so that determination of such quotas by the administrative officials concerned will be simply an arithmetical calculation.

There will still remain for determination the particular classes of products with respect to which the arithmetical calculation of import quotas would apply. If the classes are defined too broadly, then imports can be concentrated on particular items within the class to an injurious degree. For example, if a quota were to be established for the importation of rayon staple fiber, the class would be sufficiently narrow to prevent such a result. But if administrative discretion were conferred in a manner which would permit the establishment of broad classes, an allocation might result as broad as "man-made fibers" involving some 17 different classes and types of fibers and literally dozens of end product forms for each fiber. Within the quota for such a broad class, great harm could be done to particular fibers or forms of fibers if the permissible import volume for the entire class were to be concentrated on those relatively few items. Thus, unless discretion for the definition of product classes is curbed individual sectors of a part of the textile industry could be seriously injured notwithstanding the establishment of the quota system.

Therefore, safeguards will be needed. To make the quota a shield and to prevent it from becoming a sword we urge that this committee sponsor legislation which will establish:

First. Clearly defined and expressly limited boundaries within which administrative discretion must be employed in the determination of quotas.

Second. Explicit standards and mandatory criteria which must be followed in the administrative actions taken in the operation of the quota system.

Third. The requirement for consultation with affected sectors of the textile industry by administrative officials entrusted with the determination of quotas and the definition of the classes of products to which the quotas are to apply.

Fourth. Requirement for the officials imposing quotas to issue findings of fact clearly stating the facts and reasons underlying the decision, not a pro forma statement of ultimate conclusions.

Fifth. Provision for periodical reviews of quotas in consultation with affected industries with similar requirements of findings of fact at the conclusion of consultations. If reviews are scheduled at long intervals, then there should be authority to the affected industry or its members to apply for and secure review.

Sixth. Prompt and effective remedies by which the affected industry may challenge faulty or erroneous findings of fact and abuses in the exercise of administrative discretion, as well as acts beyond the statutory grant of power or in conflict with the requirements of law.

5. The capital investment of this industry per worker, about which the Senator inquired, was in January 1960, $38,788. The industry's total investment in land, buildings, and equipment at that date was $1,881,210,000. Senator Thurmond has raised the question whether under an area redevelopment approach such as S. 1 the plants of the manmade fiber producing industry could be put to other uses. In general, the answer is emphatically no. Of course, powerhouses and some service facilities might be used if another industry could employ the plant, buildings and equipment. But the highly specialized equipment used for the production of manmade fibers is not readily adaptable to any other use. The buildings in which the equipment is housed are specially designed for the use of such equipment. Probably the only portions of the departments engaged in spinning manmade fibers which could be put to use would be the four walls and the roof.

The chemical section of each plant is, of course, designed to produce a particular chemical product in a form useful for the spinning of fibers of other selected uses. This chemical department could be readily utilized only if a new market were found for the products it is designed to produce—a condition which is most improbable in the case of fiber-forming chemical compounds with nonfiber uses for the reason that the chemical industry has adequate capacity for and is already engaged in producing for such selected nonfiber uses.

6. Senator Thurmond has also inquired:

> "In your opinion are there any special dangers involved in the establishment of quotas which this committee should take into consideration in its study?"

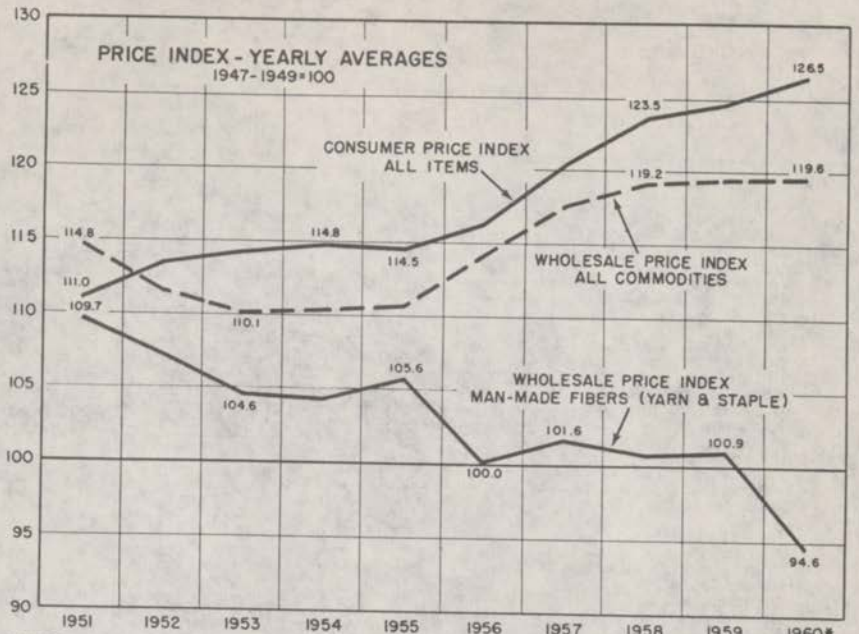
There are special dangers involved in the establishment of quotas of such significance that, unless they are recognized and provided for in the basic quota legislation, they might not only defeat the purposes of quotas but also might destroy the industry the quota seeks to benefit. Quotas could become sentences of economic death for one or more sectors of the textile industry by locking a damaging volume of imports into our market and giving foreign nations a vested interest in our market if the amount of quota is set unreasonably high or the classes of goods to which particular quotas apply are defined unreasonably broad. This is not an argument against quotas; rather, it is a recommendation that quota legislation should contain the type of safeguards referred to in the preceding section of this supplemental statement.

In response to the chairman's invitation to submit additional material, we attach hereto a chart comparing the wholesale price index of manmade fibers with that of all commodities and the consumer price index for the period 1951–60.

This chart illustrates very pointedly the statement made in our testimony, "We have steadily expanded our production and steadily reduced the prices of our products while improving the qualities and quantities, increasing wages and paying increased taxes." The index, employing the period 1947–49 as 100, shows that, starting with 109.7 in 1951, the wholesale price index of manmade fibers has declined to 94.6 in 1960; while the consumer price index on all items for the same period rose from 111 to 126.5, and the wholesale price index from 114.8 to 119.6.

Respectfully submitted.

MAN-MADE FIBER PRODUCERS ASSOCIATION, INC.
By MATTHEW H. O'BRIEN, *President*.



SOURCE: U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS

*1960 FIGURE IS THE AVERAGE OF THE FINAL FIGURES FOR MONTHS OF JANUARY THROUGH NOVEMBER, 1960 AND PRELIMINARY FIGURE FOR DECEMBER, 1960.

Senator PASTORE. How many more witnesses are there?

Senator THURMOND. Mr. Chairman, I would like to say this; Mr. O'Brien, I think you and Mr. Stewart did bring to us a great deal of valuable information. I can visualize the tremendous amount of work you have put in the preparation of this document. I think it is going to be very helpful for our records.

Mr. O'BRIEN. Thank you, sir.

(The documents referred to follow:)

EXHIBIT A

MEMBERS, MAN-MADE FIBER PRODUCERS ASSOCIATION, INC.

Allied Chemical Corp., National Aniline Division, 261 Madison Avenue, New York, N.Y.
American Cyanamid Co., 111 West 40th Street, New York, N.Y.
American Enka Corp., 350 Fifth Avenue, New York, N.Y.
American Viscose Corp., 350 Fifth Avenue, New York, N.Y.
Celanese Corp. of America, 180 Madison Avenue, New York, N.Y.
The Chemstrand Corp., 350 Fifth Avenue, New York, N.Y.
Courtaulds (Alabama) Inc., 600 Fifth Avenue, New York, N.Y.
The Dow Chemical Co., James River Division, Williamsburg, Va.
E. I. du Pont de Nemours & Co., Inc., Textile Fibers Department, Wilmington, Del.
Hartford Fibres Co., division of Bigelow-Sanford, Inc., 140 Madison Avenue, New York, N.Y.
Industrial Rayon Corp., 660 Union Commerce Building, Cleveland, Ohio.
New Bedford Rayon Division, Mohasco Industries, Inc., Post Office Box 908, New Bedford, Mass.
Tennessee Eastman Co., Eastman Chemical Products, Inc., Kingsport, Tenn.
Union Carbide Chemicals Co., 270 Park Avenue, New York, N.Y.

EXHIBIT B

Manmade fiber-producing plants

Plant location	Fibers produced	Approximate population
South:		
Alabama:		
Childersburg	Rayon	4,000
Le Moyne (Mobile County) [1]	do	
Decatur	Acrylic	20,000
Florida:		
Jacksonville	Nylon, olefin, saran	205,000
Pensacola	Acrylic, nylon	44,000
Georgia: Rome	Rayon, acetate	30,000
Maryland:		
Cumberland	Acetate, triacetate	38,000
Odenton	Nylon, olefin, saran	1,000
North Carolina:		
Enka	Rayon, nylon	1,800
Gastonia	Spandex	23,000
Kinston	Polyester	18,000
Shelby	do	16,000
South Carolina:		
Camden	Acrylic	7,000
Fairmont	Olefin	250
Greenwood	Nylon	14,000
Irmo	do [2]	360
Rock Hill	Acetate, triacetate	25,000
Spartanburg	Olefin	37,000
Winnsboro	Nylon	3,300
Tennessee:		
Chattanooga	Nylon	131,000
Elizabethton	Rayon, nylon, [3] Olefin, polyester	11,000
Kingsport	Acetate, modacrylic, polyester	25,000
Lowland [1]	Rayon	
Old Hickory	Polyester	10,000
Virginia:		
Chesterfield	Nylon	200
Covington	Olefin	6,000
Front Royal	Rayon	8,100
Hopewell	Nylon, olefin, saran	10,000
Martinsville	Nylon	17,000
Narrows	Acetate	3,000
Richmond	Rayon, nylon, TFE fluorocarbon	230,000
Waynesboro	Acetate, acrylic, olefin, saran, Spandex	12,000
Williamsburg	Acrylic, nylon	7,000
West Virginia:		
Nitro	Rayon	3,300
Parkersburg	do	30,000
South Charleston	Modacrylic	17,000
New England:		
Connecticut:		
Rocky Hill	Rayon	5,000
Stamford	Acrylic [2]	75,000
Massachusetts: New Bedford	Rayon	109,000
Rhode Island: Providence	Olefin	250,000
Vermont: Fair Haven	Rayon	2,000
Middle Atlantic:		
Delaware:		
New Castle	Olefin	5,400
Seaford	Nylon	3,000
New Jersey:		
Metuchen	Olefin	9,900
Union	Nylon, olefin	38,000
New York:		
Canandaigua	Nylon, olefin, Vinyon	8,500
Rochester	Olefin, Vinyon	333,000
Utica	Rayon	102,000
Pennsylvania:		
Lewistown	do	14,000
Meadville	Acetate, Vinyon	19,000
Scranton	Nylon	126,000
Central:		
Iowa: Spirit Lake	Nylon, olefin	2,700
Michigan: Midland	Saran	14,000
Ohio:		
Avon Lake	Nytril [3]	4,000
Cleveland	Rayon, olefin [3]	915,000
Painesville	Rayon	14,000

[1] Not a town.
[2] Under construction.
[3] Pilot plant.

EXHIBIT C

Imports, domestic shipments, and domestic production—Manmade-fiber-filament yarn, staple, and tow, 1954–60

[Thousands of pounds]

	Cellulosic			Noncellulosic		
	Imports	Domestic shipments	Production	Imports	Domestic shipments	Production
1954	60,574	1,094,200	1,085,700	489	273,400	284,600
1955	174,337	1,244,800	1,260,700	792	354,500	379,300
1956	93,571	1,107,400	1,147,900	694	389,600	400,300
1957	84,805	1,092,300	1,139,400	1,660	469,200	515,700
1958	84,269	1,030,000	1,021,900	3,561	467,500	490,500
1959	117,151	1,136,500	1,167,800	6,519	585,100	645,300
1960 [1]	61,200	993,800	1,028,500	4,600	607,400	676,100

[1] Estimated.

Source: Textile Economics Bureau, Inc.

EXHIBIT D

Capacity for the production of manmade fibers

[In millions of pounds]

	1955	1956	1957	1958	1959
United States:					
Cellulosics	1,654.5	1,605.8	1,558.5	1,485.0	1,446.3
Noncellulosics	502.0	507.5	616.5	753.6	853.6
Total	2,156.5	2,113.3	2,175.0	2,238.6	2,299.9
Japan:					
Cellulosics	804.0	965.5	1,235.0	1,471.6	1,526.6
Noncellulosics	56.4	88.9	117.0	156.0	251.0
Total	860.4	1,054.4	1,352.0	1,627.6	1,777.6
European Economic Community:					
Cellulosics	1,494.7	1,566.3	1,637.4	1,671.2	1,691.2
Noncellulosics	112.2	151.8	188.3	221.5	270.9
Total	1,606.9	1,718.1	1,825.7	1,892.7	1,962.1
European Free Trade Association:					
Cellulosics	762.6	782.4	842.7	886.9	887.2
Noncellulosics	79.3	97.7	103.4	108.0	123.9
Total	841.9	880.1	946.1	994.9	1,011.1

Source: Textile Economics Bureau, Inc.

EXHIBIT E

Manmade fiber production worker hourly costs, United States and selected foreign countries

	Estimated hourly wage	Fringe benefits	Total estimated man-hour labor costs	Date
Japan	$0.26	(1)	$0.26	August 1960.
Italy	.35	$0.27	.62	September 1959.
West Germany	.62	.16	.78	August 1960.
United Kingdom:				
Men	.89	.11	1.00	April 1960.
Women	.48	.06	.54	Do.
Youth and boys	.44	.05	.49	Do.
Girls	.35	.04	.39	Do.
United States	2.30	.46	2.76	1960 average.

[1] Not available.

Sources: Foreign wage data: Division of Foreign Labor Conditions, BLS, U.S. Department of Labor. U.S. wage data: Division of Manpower and Employment Statistics, BLS, U.S. Department of Labor. U.S. fringe benefits figure: Textile Economics Bureau, Inc.

(The following supplemental statement was subsequently received for the record:)

SUPPLEMENTAL STATEMENT RE MANMADE FIBERS SUBMITTED BY MAN-MADE FIBER PRODUCERS ASSOCIATION, INC., NEW YORK, N.Y.

Pursuant to permission granted by the committee at its hearing on February 7, 1961, the Man-Made Fiber Producers Association, Inc., files this statement in supplement to the oral testimony given and the written statement filed on that date, and in answer to questions propounded by Senator Strom Thurmond.

1. Senator Thurmond's first question was as follows:

"The committee is generally familiar with the importance of the textile industry to national defense. Are there any special aspects of the manmade fiber industry which give it added importance so far as our national security is concerned?"

The special aspects lie primarily in the special research capabilities of the manmade fiber producing industry, as reflected in much of the developmental work now being carried out in wide-ranging fields of chemical textile technology. A description of the research capability and national security importance of the industry appears under the heading "National Defense" which commences on page 7 of the memorandum filed by this association with the committee. The information is limited, of course, to unclassified material but shows the extent to which improvements in missiles, jet aircraft, and nuclear weapons create great problems of heat and radiation requiring various uses of unconventional textiles attainable only through the ability of manmade fiber producers to create special fibers with the necessary extraordinary qualities.

2. Senator Thurmond's second question was as follows:

"How do we stand in the technology race against the Russians so far as manmade fibers and the chemistry of such fibers are concerned?"

Added importance is given to the industry's research programs by the fact that the domestic industry is considerably ahead of Russia in chemical fiber technology upon which such specialized defense applications ultimately will rest. In the past few years the Russians have been extremely active in the purchase of manmade fiber plants and technology from other nations of the world in an all-out effort to pull abreast of the United States. The pace, therefore, of our domestic industry's research activities in manmade fiber technology must be maintained. As pointed out in our testimony, increasing imports of manmade fibers with their inevitable consequences in displacement of domestic production and reduction of operations in this country threaten to retard or diminish the industry's ability to continue this pace of research.

Further reference to this subject appears on page 10 of the memorandum filed with the committee.

3. Senator Thurmond's third question was:

"Are you familiar with the provisions of S. 1, the depressed areas bill, as it applies to areas hurt by imports? In your opinion is a provision of this type an acceptable substitute for import regulation?"

We are familiar with the provisions of S. 1, and, of course, have no objection to the employment of all reasonably productive forms of governmental assistance to meet the necessities of populations of distressed areas; but we do object to the implication of the import injury provision of the bill. It would seem that the bill contemplates the propriety of injury by admission of imports and the alleviation of distress as an adequate remedy.

The bill should not in any sense be regarded as an acceptable substitute for effective administration of the remedies now contained in Federal law such as the peril point, escape clause, and national security amendments of the trade agreements law, or the antidumping, countervailing duties, or unfair competition provisions of our tariff laws. These remedies should be invoked, as intended by the Congress in enacting them, to prevent an increase in the numbers of distressed areas by affording to domestic production and employment in all areas of the Nation reasonable stability against the disruptive effects of increased importations of commodities produced abroad under labor standards far below the minimum standard tolerated in the United States.

We also feel that as a substitute for the import regulation mentioned in the Senator's question, the provisions of S. 1 are impractical. It is impossible for our Government by any form of loan, dole, or otherwise, to provide an acceptable substitute for employment under American working conditions and at American wages. We further doubt that there can be readily found new industries to supplant those destroyed by imports which will not, in turn, be subject to the same threat of injury. It is disheartening that the bill contemplates as a condition precedent to action the destruction of present employment by imports, as though this Government were presently powerless to prevent such economic loss and human waste.

Acceptance of the import distress provisions of S. 1 would place in our law two separate, conflicting policies on the same subject: one in the Trade Agreements Act providing for peril-point hearings and escape-clause procedures, the purpose of which is to prevent or cure injury to American industry and labor while keeping the industry intact; and the other, the provision in S. 1 that instead of attempting to effectuate this policy, destruction of industry and employment will be accepted, and given a decent burial, while some nebulous efforts are made to invoke economic reincarnation as an ultimate remedy.

A distinction should be drawn between the approach contained in S. 1 and that which was embodied in the National Industrial Recovery Act adopted by the Congress in 1933. That act, as S. 1 today, was addressed to the correction of conditions of acute economic distress and unemployment which existed in the United States. Then, rather than accepting a principle of action which allowed a major cause of the injury to continue, the Congress in the NIRA incorporated a provision directing the Tariff Commission to make an investigation at the request of labor or industry, and authorized the President to impose quotas or even embargoes on imports when it was found that such imports were impairing the full employment, wage and hours, and fair competition standards authorized by the act.

The striking difference in the approach evidenced in the two bills is that the National Industrial Recovery Act sought the cooperation of present industry to relieve the then existing unemployment. S. 1 contemplates acceptance of existing unemployment while a time-consuming search for new industries is made. The one reflects an immediate concern for alleviation of the human distress involved in unemployment; the other refuses to put existing instruments of employment back into operation for the prompt relief of unemployment. Built into S. 1 is the implied premise that any employment which may result ultimately in new industries may require skills and aptitudes for which the unemployed in the area are unsuited. If the Senate Interstate and Foreign Commerce Committee is looking for a precedent for constructive action to cope with distressed areas being victimized by excessive import competition, we suggest they have at hand a more meaningful approach in the import regulation provision of the NIRA than that embodied in S. 1.

4. The fourth inquiry of Senator Thurmond was as follows:

"You have placed great stress, and properly so, on the necessity for overhauling our trade agreement procedures. If the Congress were to consider the establishment of import quotas for the regulation of textile imports, what relevance, if any, would your remarks about procedures have?"

Our comments about the manner in which the existing trade agreement procedures have been administered show quite clearly, we believe, that not all the administrative officials charged with that operation have acted in consonance with the intention of the Congress in delegating authority to them. Should this committee decide to recommend a system for the establishment of quotas, it, too, like the trade agreements program, would have to be administered some under delegation of authority from the Congress. The experience of the recent past under the trade agreements program offers no hope that the administrators of the quota system would be any more responsive to the intention of the Congress than they have been in the trade agreements area. Particular care, therefore, will be required in the statement of the guiding criteria under which the delegation of authority would be made.

For example, the criteria selected for the establishment of import quotas must be so explicit as to reduce to a minimum the use of administrative discretion in the operation of the quota system. Further, the legislation should include the definite requirement that at all stages of the procedures in the establishment or revision of quotas the administrative offices dealing therewith consult representatives of affected sectors of the textile industry.

The Congress should prescribe the basis for establishing quotas in terms of a stated percentage of either domestic consumption or domestic production for the categories of products within each sector of the textile industry so that determination of such quotas by the administrative officials concerned will be simply an arithmetical calculation.

There will still remain for determination the particular classes of products with respect to which the arithmetical calculation of import quotas would apply. If the classes are defined too broadly, then imports can be concentrated on particular items within the class to an injurious degree. For example, if a quota were to be established for the importation of rayon staple fiber, the class would be sufficiently narrow to prevent such a result. But if administrative discretion were conferred in a manner which would permit the establishment of broad classes, an allocation might result as broad as manmade fibers involving some 17 different classes and types of fibers and literally dozens of end-product forms for each fiber. Within the quota for such a broad class, great harm could be done to particular fibers or forms of fibers if the permissible import volume for the entire class were to be concentrated on those relatively few items. Thus, unless discretion for the definition of product classes is curbed, individual sectors of a part of the textile industry could be seriously injured notwithstanding the establishment of the quota system.

Therefore, safeguards will be needed. To make the quota a shield and to prevent it from becoming a sword we urge that this committee sponsor legislation which will establish:

First, clearly defined and expressly limited boundaries within which administrative discretion must be employed in the determination of quotas;

Second, explicit standards and mandatory criteria which must be followed in the administrative actions taken in the operation of the quota system;

Third, the requirement for consultation with affected sectors of the textile industry by administrative officials entrusted with the determination of quotas and the definition of the classes of products to which the quotas are to apply;

Fourth, requirement for the officials imposing quotas to issue findings of fact clearly stating the facts and reasons underlying the decision, not a pro forma statement of ultimate conclusions;

Fifth, provision for periodical reviews of quotas in consultation with affected industries with similar requirements of findings of fact at the concluson of

consultations. If reviews are scheduled at long intervals, then there should be authority to the affected industry or its members to apply for and secure review.

Sixth, prompt and effective remedies by which the affected industry may challenge faulty or erroneous findings of fact and abuses in the exercise of administrative discretion, as well as acts beyond the statutory grant of power or in conflict with the requirements of law.

5. The capital investment of this industry per worker, about which the Senator inquired, was in January 1960, $38,788. The industry's total investment in land, buildings, and equipment at that date was $1,881,210,000. Senator Thurmond has raised the question whether under an area redevelopment approach such as S. 1 the plants of the manmade fiber-producing industry could be put to other uses. In general, the answer is emphatically, "No." Of course, powerhouses and some service facilities might be used if another industry could employ the plant, buildings and equipment. But the highly specialized equipment used for the production of manmade fibers is not readily adaptable to any other use. The buildings in which the equipment is housed are specially designed for the use of such equipment. Probably the only portions of the departments engaged in spinning manmade fibers which could be put to use would be the four walls and the roof.

The chemical section of each plant is, of course, designed to produce a particular chemical product in a form useful for the spinning of fibers or other selected uses. This chemical department could be readily utilized only if a new market were found for the products it is designed to produce—a condition which is most improbable in the case of fiber-forming chemical compounds with nonfiber uses for the reason that the chemical industry has adequate capacity for and is already engaged in producing for such selected nonfiber uses.

6. Senator Thurmond has also inquired:

"In your opinion are there any special dangers involved in the establishment of quotas which this committee should take into consideration in its study?"

There are special dangers involved in the establishment of quotas of such significance that unless they are recognized and provided for in the basic quota legislation, they might not only defeat the purposes of quotas but also might destroy the industry the quota seeks to benefit. Quotas could become sentences of economic death for one or more sectors of the textile industry by locking a damaging volume of imports into our market and giving foreign nations a vested interest in our market if the amount of quota is set unreasonably high or the classes of goods to which particular quotas apply are defined unreasonably broad. This is not an argument against quotas; rather, it is a recommendation that quota legislation should contain the type of safeguards referred to in the preceding section of this supplemental statement.

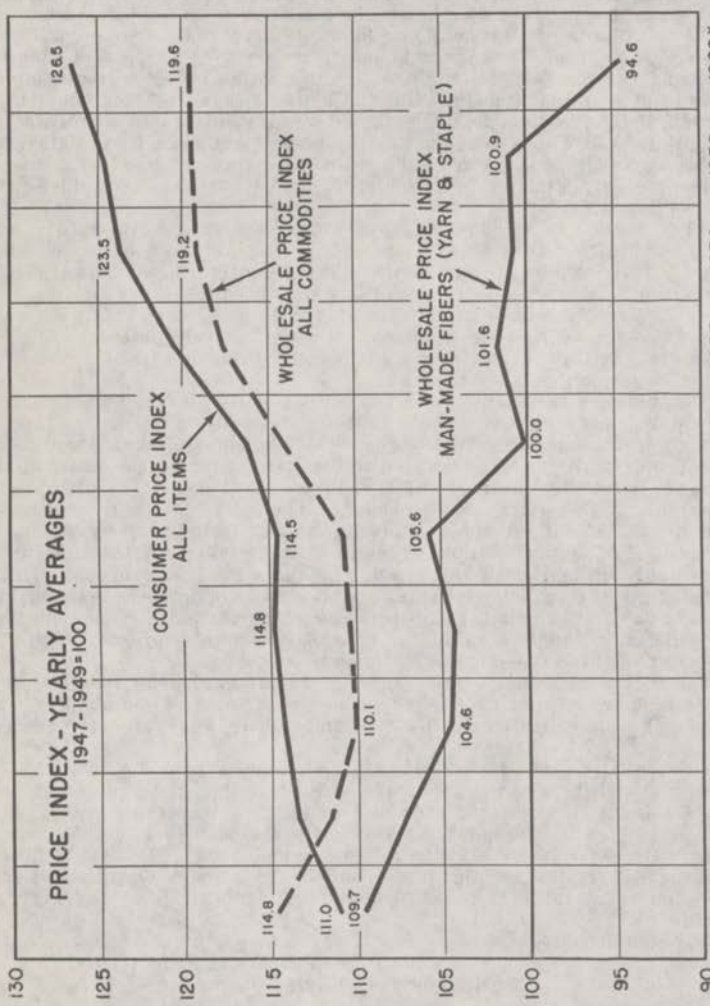
In response to the chairman's invitation to submit additional material, we attach hereto a chart comparing the wholesale price index of manmade fibers with that of all commodities and the Consumer Price Index for the period 1951–60.

This chart illustrates very pointedly the statement made in our testimony, "We have steadily expanded our production and steadily reduced the prices of our products while improving the qualities and quantities, increasing wages and paying increased taxes." The index, employing the period 1947–49 as 100, shows that starting with 109.7 in 1951, the wholesale price index of manmade fibers has declined to 94.6 in 1960; while the Consumer Price Index on all items for the same period rose from 111 to 126.5, and the wholesale price index from 114.8 to 119.6.

Respectfully submitted.

MANMADE FIBER PRODUCERS ASSOCIATION, INC.,
MATTHEW H. O'BRIEN, *President*.

EUGENE L. STEWART,
MIRIAM WILLIAMS,
Counsel.



SOURCE: U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS

*1960 FIGURE IS THE AVERAGE OF THE FINAL FIGURES FOR MONTHS OF JANUARY THROUGH NOVEMBER, 1960 AND PRELIMINARY FIGURE FOR DECEMBER, 1960.

Senator PASTORE. Is Mr. Lerner here?
(No response.)
Senator PASTORE. Mr. Nelson Stitt.

STATEMENT OF NELSON A. STITT, DIRECTOR, UNITED STATES-JAPAN TRADE COUNCIL OF WASHINGTON, D.C.

Mr. STITT. Mr. Chairman, I am Nelson A. Stitt, director of United States-Japan Trade Council of this city.

Depending on where you sit, I am appearing today as a sheep among wolves, or as a wolf among sheep.

Our council represents more than 300 American and Japanese firms with offices in the United States. These firms conduct a large proportion of all trade between the United States and Japan and are significantly engaged in the textile trade.

The previous witness, Mr. O'Brien, had a great deal of reference to make to our statement before the Tariff Commission in the committee for reciprocity information at the recent hearings during July and August of last year.

In the first place, I must point out that our council is not the Japanese Government. We do not know whether the products that we dealt with in our testimony did or did not appear on the request list of the Japanese Government. These were items which we had selected on two bases. They were items which had amounted to more than $500,000 in the import trade from Japan in 1959, and items upon which the duty was more than 20 percent ad valorem.

However, I did not overlook synthetic fabrics. I would like to read very briefly from my statement on that occasion, since it has been mentioned.

Senator PASTORE. All right.

Mr. STITT. I quote now from the statement:

> A careful examination of the list reveals that the selectors of the products to be announced picked their way very carefully through the schedule avoiding items which could be considered in the least bit sensitive. The most significant inclusions on the list are synthetic fabrics and products. These presently enjoy unconscionably high rates far above those applied to textiles manufactured from other products. This is anomalous, since among the synthetic producers are the strongest textile firms in the country.

I might point out, also, that further on where we dealt in detail with our request for items that might have been on the list, we have dealt with synthetic fabrics and articles including garters, suspenders, and so forth, synthetic hemmed handkerchiefs, and woven mufflers, synthetic wearing apparel not specified elsewhere, and synthetic manufactures not elsewhere specified.

Mr. Chairman, I would like, first of all, to thank this subcommittee for the opportunity to testify here. This is a subject of great importance to our membership. Beyond this, the subject matter of these hearings has an important bearing on general economic relations between the United States and Japan. For this reason I would like to make some general observations about the role of imports in relation to the domestic textile industry and then about the national interest of the United States in trade with Japan.

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When the subcommittee presented its first report 2 years ago, on February 4, 1959, we felt that some of the recommendations—notably those dealing with improvement in the collection and analysis of statistical data, textile research, et cetera—were both realistic and constructive. Others, however—especially the recommended adoption of import quotas—were not, in our opinion, in the best public interest. I note that we are not alone in this opinion, and that the Eisenhower administration took a very similar position.

In particular, I would like to refer to the report by the Interagency Textile Committee—established on the recommendation of your subcommittee—submitted to the Secretary of Commerce on September 7, 1960, just 5 months ago. The report states clearly and unequivocally:

> The Interagency Textile Committee is not proposing the regulation of textile imports by quotas. The imposition of textile quotas would be a far-reaching departure from our foreign trade policy of the last 25 years. It is considered that import restrictions should be imposed on individual products only when the detailed facts of the situation show clearly that they are required to safeguard the domestic producers of specific products. As the Senate report so clearly recognizes, imports are not the sole cause of the textile ills.

If I may be permitted to interject here: In the opinion of virtually all responsible economists who have studied the textile industry imports, far from being "the sole cause of the textile ills," have but a slight causal relationship to any ailments from which the industry may be suffering.

Senator PASTORE. Will you give us the authority for that statement?

Mr. STITT. I would be very happy to put together a group of quotations from economists, sir.

(The information referred to follows:)

UNITED STATES-JAPAN TRADE COUNCIL,
Washington, D.C., February 13, 1961.

Hon. JOHN O. PASTORE,
Senate Office Building, Washington, D.C.

DEAR SENATOR PASTORE: In the course of my testimony before the special Subcommittee on the Problems of the Domestic Textile Industry on February 7, 1961, you asked me to substantiate the following statement: "If I may be permitted to interject here—in the opinion of virtually all responsible economists who have studied the textile industry—imports, far from being the sole cause of the textile ills, have but a slight causal relationship to any ailments from which the industry may be suffering."

Among many prominent economists who have expressed similar views may I mention Dr. Solomon Barkin, director of research, Textile Workers Union of America, AFL–CIO. When Dr. Barkwin appeared before your subcommittee on July 9, 1958, the following exchange took place:

"Senator PASTORE: Is it your position that if we, tomorrow, stopped completely the importation of textiles from abroad we would still have a sick textile industry?

"Mr. BARKIN: We will go further. If we stopped all imports and we got all of the ICA, $96 million of ICA money for America textiles, we will not have solved our problem.

"This industry would still continue to shrink" "Problems of the Domestic Textile Industry" hearings, pt. I, p. 331).

Another outstanding economist who is not known as an advocate of liberal trade policy, Prof. Seymour E. Harris of Harvard University, who is chairman of the New England Governors' Textile Committee, had this to say in the course of his testimnoy before your subcommittee:

"I am not contending for a moment that the only explanation of the decline of woolens and worsteds has been the large cut in tariffs. They have suf-

fered also from the competition of manmade fibers, from revisions of private spending patterns encouraged by the Government, and from other factors" ("Problems of the Domestic Textile Industry," hearings, pt. I, p. 415).

Among many other economists who have studied the textile industry and have reached similar conclusions I might mention Dr. Percy W. Bidwell and his study "What the Tariff Means to American Business" (published for the Council on Foreign Relations by Harper Bros., New York, 1956).

In his chapter on "Woolens and Worsteds: An Industry in Transition" Dr. Bidwell states: "Competition from abroad was not the sole cause of the post-war troubles in American wool manufacturing" (p. 147). He quotes the vice president of United Merchants and Manufacturers as stating that "imports do not present a grave competitive problem" (p. 145). He concludes: "Neither the British, the Japanese nor other foreign mills are in a position to swamp the U.S. market with their products" (p. 160).

I trust that these statements by three highly regarded economists will be sufficient to explain and substantiate the statement I made in my testimony. May I take this occasion to thank you for the opportunity to testify on a subject of great importance to our membership and to express my appreciation for your personal courtesy on that occasion.

Sincerely yours,

NELSON A. STITT, *Director.*

Mr. STITT. The Interagency Textile Committee goes on to say:

In those specific cases where imports may be the cause of undue hardship, legal safeguards are available to protect domestic industry. The escape clause procedure established by Congress and contained in section 7 of the Trade Agreements Extension Act of 1951, as amended, provides a basic assurance against serious injury to the domestic textile industry from increased imports of products on which a concession has been granted. Under the escape clause, the President is authorized to increase duties or impose quotas if the Tariff Commission finds, after a thorough factfinding investigation that increased imports are causing or threatening injury to a domestic industry.

I would like to ask: Why is it that the textile industry, if it really feels itself threatened by imports, has rarely taken advantage of the escape-clause procedure?

I would like, also, to ask: Could it be that an impartial factfinding investigation would show that imports were not causing or threatening serious injury to the domestic industry?

In its 1959 report on the health of the domestic textile industry, this subcommittee, on pages 2–6, examined various indicators to determine industry trends between 1947 and 1957, at the same time recognizing (p. 8) that 1947 was an abnormally high base year. From 1957 to 1960 textile imports have substantially increased. See table 2 attached.

If imports are to be considered a cause of injury to domestic producers, this increase in imports should have been accompanied by some sign of damage to the U.S. textile industry.

What do the facts show? Table 1, attached, demonstrates that sales in 1959 and estimated sales in 1960 were higher than in 1957. Total production of all broadwovens was up. Cotton mill margins had increased by 30 percent. Profits, both as a percent of sales and as a percent of stockholders' equity, were considerably higher. Wages were higher, though employment in textile mill products was down somewhat. This latter fact can be accounted for by higher productivity, since total production improved.

Most significantly the figures on investment in plant and equipment showed no loss of confidence by investigators; in 1960 such investment was 27 percent greater than in 1957.

We submit, gentlemen, that all this lends little credence to the picture of a beleaguered industry battered to the ropes by imports.

Senator PASTORE. What is your deduction, then? We have had testimony here within the past 10 years the textile industry had remained rather stagnant while we have been experiencing in this country an astronomical growth of the overall gross product situation and that during these past 10 years over 800 mills have closed down in the textile industry. Now, what is the explanation that you could give for that situation?

Mr. STITT. Yes, sir. I think I would be inclined to say, unlike many other industries in this country which are in a period of dynamic growth, that the textile industry is a mature industry and cannot expect to maintain the rate of growth of some of the newer industries.

Senator PASTORE. Why is it an immature industry?

Mr. STITT. I didn't say "immature"; I said "mature". It is an industry that has been in existence for many, many years. The demand for textiles, as is pointed out in your own report, does not increase in any dynamic rate; it increases with population.

Senator PASTORE. Do you think it could be argued that while an industry that is so mature, as you say, and cannot experience dynamic growth, and is confronted by astronomical growth in the import situation—how do you explain that?

Mr. STITT. Well, sir——

Senator PASTORE. Where are these imported goods going if they are not being bought by American consumers?

Mr. STITT. They are going into our markets, sir. When you say astronomical growth, I would like to point out it is a growth from a base, a very narrow base, and the total value of imports of textiles into this country has a very low relationship to total domestic textile sales.

I have figures which show that in 1960—this is our estimate based on the first 10 months—the value of cotton, manmade, and wool manufacturers into this country was about $635,000. When you compare that with total textile sales of textile mill products of $13,265 million, although I agree that the growth in the imports has been substantial—the quantity of the imports is not substantial enough to significantly affect this massive industry.

Senator PASTORE. Even though it may be in the neighborhood of 10 percent?

Mr. STITT. Sir, it is far less——

Senator PASTORE. Those are your figures; but our testimony here is about 10 percent.

Mr. STITT. My figures, I must admit, are 1960 figures.

Senator PASTORE. You have taken high and low cycles in developing your presentation here. You have taken those years that would be more beneficial to the argument you are presenting here. Not that I blame you for it.

Mr. STITT. I have taken the most recent years, Senator Pastore, which is 1960, and this problem of the textile cycle is an old issue. I am not myself entirely convinced that there is such a thing and I think some people have come to the conclusion that if there is it is disappearing.

But, in any event, when you start with a base of 1947, which is a very abnormally high year of production profits, then I think we are entitled to close the series at the most recent year.

In any event, I would suggest perhaps that the imports represent 5 percent of textile sales.

Senator PASTORE. Mr. Miernyk.

Mr. MIERNYK. I wonder if you are familiar with the Department of Commerce study on trends and cycles in the textile industry, in view of the statement you made, about disappearing cycles?

Mr. STITT. No, I have not read that. Our economist has. I am more familiar with the things that have been written by Frank Lowenstein of the Department of Agriculture, who is inclined to doubt, from what I have read of what he says, whether such a cycle really exists and if it does, whether or not it is gradually disappearing.

Mr. MIERNYK. I am also familiar with his material. He would agree it does exist, and it has been dampened somewhat; there very definitely is a textile cycle.

Mr. STITT. I wouldn't care to argue it, first, because I defer to expertise, Dr. Miernyk, and I wouldn't care to debate an issue in textiles with you. On the other hand, it is——

Senator PASTORE. That is why I got him. [Laughter.]

All right, sir.

Mr. STITT. The next point I wish to make is that with all this talk of textile imports, there is not a great deal said about textile exports.

Senator PASTORE. I am very much interested in that. You go ahead and give me your views.

Mr. STITT. If you will look at table 2 attached to our statement, sir, you will see a recapitulation there of exports and imports of the three most important textile manufacturers—cotton, manmade fabrics, and woolen. This includes all semimanufactures and manufactures of these three basic types of textile constructions and garments therefrom.

Recognizing that 1960 has seen a sharp increase in textile imports, the fact still remains that for these three items the exports still slightly exceeded imports during the first 10 months of 1960.

Further, it might be interesting to note our estimate, in any event, which is based on the first 10 months of 1960, that exports of cotton manufactures in 1960 will be at a higher level than any year going back to 1955.

Senator PASTORE. Were you here when Mr. Stevens testified, Mr. Stitt?

Mr. STITT. No, I was not, sir.

Senator PASTORE. He made this statement—I am going to try to paraphrase it as substantialy as I can. He said that they employ in the Stevens Mill about 34,000 workers, that their take-home pay in their envelopes was 20 percent less money now, and I asked him categorically——

Mr. STITT. Twenty percent less than when, sir?

Senator PASTORE. In wages, since 1958, when we conducted our investigation.

Mr. STITT. That each worker took home 20 percent less in 1960 than he took home in 1958?

Senator PASTORE. As a matter of fact, I am going to ask the staff here to get that statement. Do you have that statement here? I am going to read it to you, word for word, what he said.

I asked him this question: If the imports had remained the same in 1960 as they were in 1958, what would be the picture? And his answer was to the effect that would overcome the 20 percent.

Do I make myself clear?

Mr. STITT. I understand what Mr. Stevens said; yes, sir.

Senator PASTORE. This is the way he put it:

We have more than 34,000 employees on our payroll. Their jobs are in jeopardy. Their pay envelopes are not full. In fact, those pay envelopes contain about 20 percent fewer dollars than they did a year ago.

He put it at a year ago.

Constructive action is desperately needed now.

I asked him the question categorically, and then he went on to say:

This is an increase of nearly 2½ times in the 2 years since your report was issued.

He was talking about an increase in imports.

I asked him specifically if the imports now were at the same level as they were in 1958 what effect would that have on this 20 percent less pay.

He said, "It would overcome it completely."

Now, are you saying that you disagree with that?

Mr. STITT. Yes, sir; I am.

Senator PASTORE. Well, all right.

Mr. STITT. In concluding, Mr. Chairman, may I refer to the summary statement regarding U.S. trade policy prepared by the foreign commerce study staff of the Senate Committee on Interstate and Foreign Commerce, made public on January 17 by its chairman, Senator Warren G. Magnuson, at the request of President Kennedy. As this statement points out, "imports should be regarded as an asset to the American economy." I can find no better words to describe our own view of the problem than those used in this statement:

We believe our national trade policy should reflect our confidence in the power, the resiliency, the ingenuity and creative capacity of the American economy * * *. It should assert that we fear honest competition from no quarter on earth. It should serve notice that we intend to use all means at our command to expand world markets for our products, and that we intend to keep our own market open to all who want to do business with us on a fair and reciprocal basis.

May I also recall to the subcommittee's attention the report submitted to the Senate Committee on Foreign Relations by Senator Mike Mansfield, on October 21, 1960, following his trip to the Far East. The Senate majority leader stated:

In short, it is time to face the fact in all honesty that we cannot sell to Japan many commodities which we desire to sell unless we are equally prepared to buy commodities which Japan must sell.

Senator Mansfield adds that:

Any sudden or drastic shift in its present commerce with the United States, particularly in consequence of a deliberate policy on our part, would not only mean an economic catastrophe for Japan but it would be a political disaster for freedom and our own security of the most tragic kind.

Let me close with a very, very brief quotation, Mr. Chairman, from President Kennedy's message yesterday on the balance of payments and gold:

A return to protectionism is not a solution. Such a course would provoke retaliation and the balance of trade which is now substantially in our favor could be turned against us with disastrous effects to the dollar.

Thank you very much, sir.

(Attachments to Mr. Stitt's statement follow:)

TABLE 1.—*Trend of economic indicators for U.S. textile industry*

	1957	1959	1960
Sales of textile mill products (millions) [1]	$13,056	$13,762	[2] $13,265
Sales of apparel and other finished products (millions) [1]	$9,205	$10,807	[2] $10,715
Production of broadwoven fabrics (million linear yards) [3]	12,117	12,358	[2] 12,180
Cottons (million linear yards) [3]	9,534	9,566	[2] 9,455
Manmade fibers (million linear yards) [3]	2,289	2,487	[2] 2,430
Woolen and worsteds (million linear yards) [3]	294	305	[2] 295
Employment:			
Textile mill products (thousands) [4]	987	969	926
Apparel and other finished products (thousands) [4]	1,200	1,240	1,204
Prices (20 constructions, cotton fabrics) (cents per pound) [5]	59.63	63.23	64.61
Prices of raw cotton component (cents per pound) [5]	34.76	34.04	32.36
Mill margins (cents per pound) [5]	24.87	29.19	32.25
Profits:			
Textile mill products (millions) [1]	$253	$416	[2] $344
As percent of sales [1]	1.9	3.0	2.6
As percent of stockholders' equity [1]	4.2	7.4	6.1
Apparel and other finished products (millions) [1]	$116	$167	[2] $157
As percent of sales [1]	1.2	1.5	1.4
As percent of stockholders' equity [1]	6.3	8.6	8.0
Investment in plant and equipment (millions) [1]	$408	$412	$520
Textile mill products: [4]			
Weekly earnings	$59.04	$64.40	$62.86
Weekly hours	39.1	40.5	38.8
Hourly wages	$1.51	$1.59	$1.62
Apparel and other finished products: [4]			
Weekly earnings	$53.85	$55.02	$56.60
Weekly hours	35.9	36.2	35.6
Hourly wages	$1.50	$1.52	$1.59

[1] Source: Federal Trade Commission and Securities and Exchange Commission, Quarterly Financial Reports for Manufacturing Corporations.
[2] Estimated, based on the 1st 3 quarters.
[3] Source: Department of Commence, "Survey of Current Business."
[4] Source: Department of Labor, BLS, "Employment and Earnings." (Employment figures are for November of each year; wages and hours figures are for October of each year).
[5] Source: Department of Agriculture, AMS, "The Cotton Situation," January 1961.

TABLE 2.—*U.S. foreign trade in manufactures of cotton, manmade fibers, and wool*

[In millions of dollars]

	Exports				Imports			
	Cotton	Man-made	Wool	Total	Cotton	Man-made	Wool	Total
1955	293	231	37	561	132	66	168	366
1956	293	241	37	571	161	49	196	406
1957	313	254	38	605	143	53	191	387
1958	280	234	28	542	155	46	175	386
1959	274	265	31	570	209	88	234	531
10 months, 1960	(246)	(261)	(26)	(533)	(228)	(69)	(232)	(529)
Estimated, 1960 [1]	295	313	31	639	274	83	278	635

[1] Straight-line estimate based on 10 months' actual figures.

Source: Bureau of the Census, Reports FT-120, FT-420.

Senator PASTORE. I agree with that. I would agree with that, and I agree with the other statements as well, that our international trade must be predicated upon fair and competitive and reciprocal competition, and that is the question that we are trying to approach here and the problem we are trying to solve.

What we do is to determine exactly what this effect has on American domestic industry, that is the rising imports, whether or not any recommendations can be made which would bring about a solution of the problem. I am not inclined to think that all these great industrialists that have come here, fairminded, patriotic Americans, are just talking out of the tops of their heads. I think they have a problem because they know they have a problem. They live with it.

Take a man like Stevens, who employs 34,000 people. I don't think he is coming here to kid this committee or kid the American people. He is too big a man to do that.

Mr. STITT. I believe Mr. Stevens is certainly sincere in his wish for protection.

Senator PASTORE. So are you, and so am I, so are all of us. One thing we are trying to protect is America and our position in the free world and that gives rise to the problem that confronts us.

But I think that all these people, including yourself, are very sincere in that point of view. Here and there we might have a different interest as compared to someone else. Some people are trying to defend these importations because that is the kind of business they are in. Other people are trying to stop the importations because they feel it is injuring their own possibilities to survive and we here on this side of the podium are interested in the public interest in bringing about an understanding that will be a solution to the problem.

We hope and pray that we can achieve that. Not all the truth is on one side and not all the weight is on one side. Somewhere between there has to be an understanding that will stabilize the American economy and not see it die. I am very much concerned over the fact.

I come from the State of Rhode Island. I was Governor of that State about 10 or 12 years ago, and 45 percent of our entire gross income came from textiles. The greater segment of our people engage in one particular industry, in textiles. I have seen that dissipated gradually. I have seen a mill close down throwing another 600 people out of work.

Now these people have made statements as to what the reasons are for it. They may be right and they may be wrong, but I don't think they are insincere. We do have a problem. I don't think any man can sit there and say that there is not a problem. There is a severe problem. It has to be considered in context of what it means to the stability of Japan, what Japan means to our protection in world affairs, and, of course, that is very important. It is a tremendous responsibility that the President of the United States has on his shoulders, but here and there we have seen a lot of things change.

No one can sit there and say that everything should stand pat the way it is. I have seen the President of the United States recommend only recently that we should cut down the figure from $500 to $11 on what you can import into this country duty free. Nobody ever dreamed about this big problem of the imbalance of payments 2 years ago, and it is a very serious problem.

Mr. STITT. You can't say, sir, that trade has not done its share in helping to solve this problem.

Senator PASTORE. We are up against the proposition over the past few years where our imports have been going up, our exports have not been going up commensurate with the imports. Our big question is, What is the trend? Where is it going to stop? Can we do anything about it? Can we sell more than we have to buy? What effect does it have on the American market? These are important questions.

There was one time when we would import maybe about 10 to 12 billion dollars and export almost 20 billion. The gap has been closing. What if it should happen that the importations double our exportations? Do we sit back here and say it isn't doing anything to us?

Mr. STITT. No, sir, we could not.

Senator PASTORE. The trend—you have to admit that the trend has not been an optimistic one.

Mr. STITT. But the——

Senator PASTORE. The question is, How do you solve it? Do you solve it by selling more and until you have done that, what do you do? Do you stop the imports or the momentum that it has gained? Do you slow it down? What do you do about this? Do you put the textile industry in a different category than the other industries?

We had a witness here today who defended the practices that have been indulged in but went on to say if it means that Japan has got to be on our side and you have to close down a few mills in Rhode Island, the President of the United States might have the responsibility of making that sacrifice, if it means stability in the world. But he recognizes the fact that the mills did close down.

Mr. STITT. Yes, sir.

Senator PASTORE. Maybe the political questions will outweigh the economic questions. I don't know. The fact of the matter is that the problem is there. It gets worse day by day.

Mr. STITT. I think there are many causes of such ills as our textile industry may be suffering, but I would be of the view that imports are rather a minor one.

Senator PASTORE. You read our report. We didn't say it caused all the ills of the textile industry. Even the textile industry will grant you that. But there has been a constant rise and American mills have been closing down. We will have to search out the reasons for it and make the proper recommendations.

Mr. STITT. Well, sir, I wish you all success.

Senator PASTORE. I can say to you now, I don't see any harm at all to any segment of our economy and to any of our friends abroad if the Interagency Committee were recreated on a permanent basis, if statistics and inventory and marketing and research were conducted on a more spirited momentum, if we would only know more about what we need to do on styling and marketing and what have you, it wouldn't do anyone any harm, if we would get into more of this question of modernizing our American plants, vis-a-vis with the modernization that has taken place in other parts of the world by more rapid depreciation. All these things have to be considered.

Mr. STITT. Yes, sir, I only take issue with your recommendation that one of the answers is a U.S. "import quota." Your other recommendations, by and large, sir——

Senator PASTORE. How do you explain the voluntary quota on the part of Japan? There must have been a reason for that.

Mr. STITT. I think the voluntary quota on the part of Japan, by the Japanese, was a sensible answer to a practical problem.

Senator PASTORE. Well, I am looking for a sensible answer to a practical problem with an American-made quota. What is wrong with that? Why does the Japanese-made quota become desirable and American-made quota become undesirable?

Mr. STITT. Let me state our position. We believe in freedom of trade with a minimum of restrictions. We do not believe in quotas whether export or import, whether voluntary or involuntary.

Senator PASTORE. Even Japan has restrictions against our exportations. They have restrictions. You have dollar restrictions. You have credit restrictions. You have many restrictions throughout the world for reasons that are best known to them and the President is going to try to grapple with that and I am glad he is. It should have been done a long, long time ago.

Mr. STITT. May I state our position?

Senator PASTORE. We have had a situation here where tourists out of one country coming to our country could only spend $75, taking back $75 of American purchases. Yet our Americans could go to that very country and bring back $500 worth. Now there is no reciprocity in that, if you talk about fairness, there is no fairness there.

I think myself that in many instances we have gone out on the deep end. There might have been reasons for it at the time, but all these things have to be corrected and adjusted so that we can stabilize the situation. We have lived too long to know you can't go on today and tomorrow doing the things that you did yesterday; that here and there, as changes take place, you have to make adjustments.

Mr. STITT. We believe in removal of restrictions whether they are here, in Japan, in the Common Market or anywhere else. Our members believe in the maximum possible beneficial trade.

Senator PASTORE. You believe in no tariff at all?

Mr. STITT. Gradual removal of restrictions.

Senator PASTORE. Of all tariffs?

Mr. STITT. Possibly eventually, sir. However, our program would not be so far reaching at this time.

Senator PASTORE. If that is so, and the American who makes this glass [indicating] and pays the worker that makes it $2 an hour, and Japan makes this same glass [indicating] and pays a worker, let's say, 25 cents an hour, how are you ever going to compete with that? How are you ever going to compete with that?

Mr. STITT. Sir, Japan does not have the capacity to compete in all of these massive industries, in our markets in great magnitude.

Senator PASTORE. I know, but we do have 5½ million Americans out of work. I mean, you can't keep talking about averages. Every human being has a heart and has a conscience. It is a human being. You have to consider it.

I mean, here we are in the United States of America, 5½ million people out of work today.

Mr. STITT. Have you ever considered, Senator Pastore, the amount of employment given by our $19½ billion of export trade.

Senator PASTORE. Have you ever stopped to consider how much unemployment there is as a result of the 14 or 15 billion that comes in.

Mr. STITT. It would be a worthy study. I have heard statements of opinion, but I have never seen it done.

Senator PASTORE. I would hope it would be done.

Mr. STITT. I would expect the 20 billion exports, employment——

Senator PASTORE. It isn't 20 billion.

Mr. STITT. It is nineteen point——

Senator PASTORE. If you included your foreign aid and your support of troops abroad, maybe you can get it up to that figure. The last figure I heard is about 15, 16 billion.

Mr. STITT. These are American commodities leaving U.S. ports, my 19½ billion figure.

Senator PASTORE. Well, all I want to leave with you is the idea that we do have a very serious problem. I don't think we are wasting our time here.

Mr. STITT. No, sir. I would hate to suggest that.

Thank you, sir.

Senator PASTORE. Mr. Corno.

Mr. CORNO. Thank you, Mr. Chairman.

STATEMENT OF WALTER J. CORNO, VICE PRESIDENT AND TREASURER, A. & M. KARAGHEUSIAN, INC.; CHAIRMAN OF THE AMERICAN CARPET INSTITUTE'S TARIFF COMMITTEE

Mr. CORNO. I assure you I will be as brief as I possibly can.

Senator PASTORE. Your statement is not too long. You can read it all if you want to.

Mr. CORNO. Thank you very much, I will.

Mr. Chairman and members of the committee, I am vice president and treasurer of A. & M. Karagheusian, Inc., and chairman of the tariff committee of the American Carpet Institute, Inc., 350 Fifth Avenue, New York, N.Y.

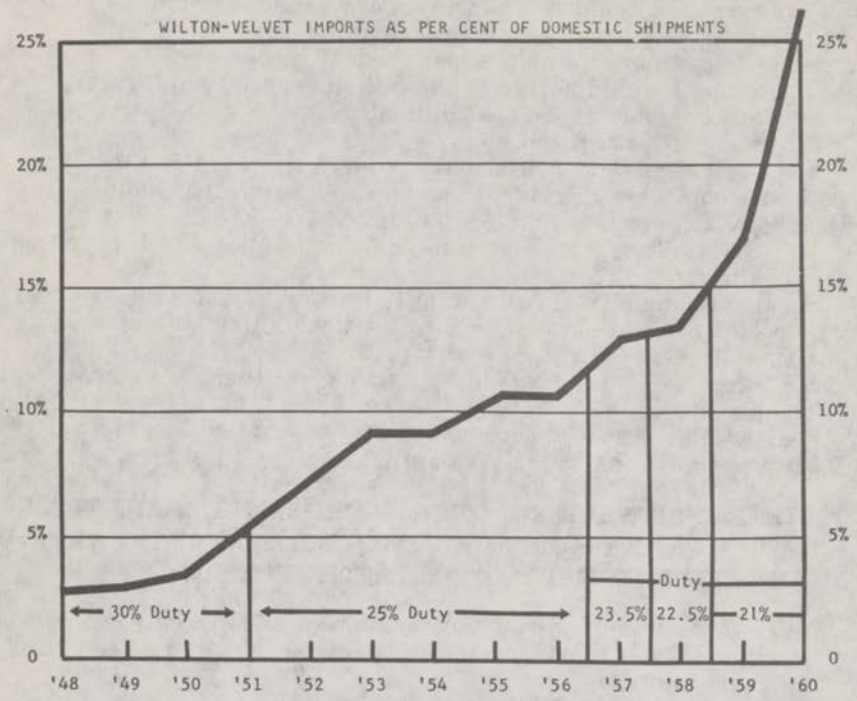
I am here today on behalf of the American Carpet Institute, a trade association whose members produce over 90 percent of woven carpets and rugs and a very substantial portion of the tufted carpets and rugs manufactured in the United States.

We welcome this opportunity to inform your committee of the very difficult import problem faced by the wilton and velvet carpet industry.

To understand this problem I would like to have you review the chart which appears on page 2 showing the rise of these imports over the past years. You will see it has gone from zero in 1948 to 25 percent in 1960.

You can readily see that we have a gravely serious problem facing us. Despite our making full use of the peril point procedures, which Congress wisely put into the Reciprocal Trade Act, rates of duty have been successively lowered over the years. Following each reduction the volume of imports has risen sharply. The increased imports have been the direct result of lower prices. The reason for lower prices on imported carpets is primarily one of lower labor costs, which apply

not only to the direct manufacture of carpet, but to indirect costs, such as buildings, supplies, raw materials, transportation within the exporting country, taxes, fringe benefits, and many other factors which are essential in arriving at the total cost of manufacturing.



Neither the Belgian nor Japanese industry has made any contribution to product development of product styling. Both industries have taken the best selling styles, colors, and textures established by the American industry. This is another reason why the effects of the import competition have been so pernicious. Imports have acted as a serious price depressant in most major markets.

Prior to World War II there was a 60-percent ad valorem in effect. At that time less than 200,000 square yards of carpet were imported into this country. During 1960 we estimate that imports of these carpets will amount to 8,300,000 square yards, an increase of 19 percent over 1959 and 79 percent over 1958.

Belgium and Japan are the chief exporters to this country. Neither of these nations depended upon our American market prior to World War II. Belgium had a carpet industry prewar, but it has grown significantly during the past several years. Up until World War II there was no Wilton and velvet industry in Japan.

I point this out to you in order that you can fully appreciate the fact that Wilton and velvet carpet imports are a new commercial phenomenon and do not rest upon an historical pattern in world commerce. It is significant to note in this respect the curret emergence of the Japanese industry.

I quote briefly from a consular report, a copy of which is available for you if you would like it. It is dated September 22, 1958.

The Wilton and velvet carpet industry of Japan obtained its start from orders placed by U.S. forces stationed in Japan after World War II. Exports to the United States were undertaken with the departure of the troops, beginning in 1955, and have grown from 270 square feet in that year to over 3,500,000 square feet * * * in 1957.

I would like to emphasize "feet." The same report also stated that the Japanese producers, under the administrative guidance of the Ministry of International Trade and Industry have voluntarily agreed not to increase their productive capacity for Wilton and velvet carpeting.

Testimony before the Tariff Commission in 1958 also indicated that the Japanese industry would not grow beyond its then capacity. Events since that time have proven such representations to be utterly without foundation. Japanese imports increased 230 percent to 1,500,000 square yards in 1959 and continued to grow during 1960 to nearly 3 million square yards.

In 1958, when imports had actually reached 12 percent of domestic production and there seemed to be absolutely no limiting factors on the horizon to halt, or slow down, the rate of import growth, the industry instituted action under the escape clause provision of the Reciprocal Trade Act. After extensive investigations by the Tariff Commission and weeklong public hearings, the industry was denied relief by a vote of 3 to 2. Apparently the majority of the Commission felt that the industry was not being seriously injured at that time, nor was it "threatened" with serious injury. Both "actual" injury and "threatened" injury are mandatory for the Commission to consider under the law, as you gentlemen enacted it. It would seem, in this instance, that the majority was wrong in their opinion which was given in January 1959—particularly with respect to our industry being threatened with serious injury. Under such circumstances we can only ask, "What constitutes a serious threat?"

In view of the clear demonstration of serious injury being suffered by the domestic industry in late 1959 and early 1960, the institute appealed on June 22, 1960, to the executive department of our Government for relief under article XXVIII of the GATT agreement. As you know, this article provides that any contracting party to the agreement may on the first day of each 3-year period modify or withdraw concessions granted.

Concerning this petition we were most gratified by the encouraging response in support of our position from both Houses of Congress. Six Members of the Senate cosponsored Senator Thurmond's resolution expressing the sense of Congress that the executive department should take favorable action on our petition and 15 Members of the House of Representatives introduced similar resolutions.

After due consideration, the executive department, acting through the Trade Policy Committee, turned down our petition stating that they felt that we should follow the escape clause route. It is significant to note that 33 other countries have used article XXVIII in cases similar to ours and many of these countries also have made provision for escape clause procedures similar to ours in their laws.

As a result of this decision and the continuing increase of imports, we have applied again to the U.S. Tariff Commission for escape clause relief under section 7. I have with me copies of our application which gives in greater detail the various points I have covered.

I would now like to add that to the record, if I may.

Senator PASTORE. Without objection, so ordered. Is that escape clause procedure?

Mr. CORNO. This is our application dated February 1961.

Senator PASTORE. It will be incorporated by reference.

Mr. CORNO. We believe that our industry is entitled to the following:

Imports, at the current 21 percent ad valorem rate, should be limited to 5 percent of domestic shipments.

On imports above 5 percent, a duty of 40 percent ad valorem should be imposed.

If it is felt desirable that the initial 5 percent should be allocated among exporting countries, our industry has no objection to this being done.

We feel this is an equitable solution to our problem which will enable the domestic industry to grow and prosper, will not deny a fair share of the market to importers, and will allow importers to participate in the growth of the domestic market.

Thank you for your kind attention.

(The following charts were submitted for the record.)

TABLE 1.—*Wilton and velvet carpets*

[Thousands of square yards]

	Imports	Domestic shipments [1]	Percentage of imports to domestic shipments		Imports	Domestic shipments [1]	Percentage of imports to domestic shipments
1951	1,680	37,385	4.5	1957	4,686	34,180	13.7
1952	2,340	39,103	6.0	1958	4,638	32,847	14.1
1953	3,115	42,228	7.4	1959	7,011	39,351	17.8
1954	2,880	35,897	8.0	1960	[2] 8,300	32,300	25.7
1955	4,008	39,959	10.0	1960 (11 months)	7,549	29,658	25.5
1956	4,420	39,395	11.2				

[1] Shipments for the years 1951 through 1957 are from table 3 of the Report of the Tariff Commission on the first investigation. These figures represent shipments of 20 American producers accounting for 97 percent of domestic production in 1957. In order to secure figures for 1958, 1959 and 1960 comparable to those set forth in table 3 of the Tariff Commission report, shipments for the years 1958, 1959 and 1960 have been estimated by applicant by applying the percentage change from 1957 of the figures shown in column 1 of table 6 of the appendix, for each of these years to shipments for 1957 as shown by the Tariff Commission. See the footnote to table 6 of the appendix.

[2] Imports for 1960 have been estimated by applicant on the basis of imports for the first 11 months of that year.

TABLE 2.—*Country of origin of current imports of wilton and velvet carpets*

[Thousands of square yards]

	Belgium	Japan	Other	Japanese as percent of total imports
1955	3,377	109	521	2.7
1956	3,664	181	575	4.1
1957	3,627	355	704	7.6
1958	3,550	548	540	11.8
1959	4,948	1,459	604	20.8
1960 (11 months)	4,064	2,695	789	35.7

It is unquestionable that imports from Belgium and Japan sell in the domestic market at prices substantially below the prices of equivalent domestic wiltons and velvets. Imports from these countries are concentrated in the largest metropolitan markets which traditionally account for the majority of carpet sales. In order to survive, domestic wilton and velvet producers must sell in these markets. Domestic manufacturers have therefore been forced in many instances to reduce prices to unprofitable levels in order to compete in these markets. The rapid growth of imports from Japan as described in table 3 has greatly magnified this problem since Japanese carpets sell at prices even lower than Belgian imports. While Japanese imports are particularly heavy in the metropolitan markets of the Far West, they have been sold in increasing numbers in other metropolitan areas of the country.

The present volume of imports also poses a threat of even more serious negotiations.

TABLE 3.—*Imports of wilton and velvet carpets*

[Thousands of square yards]

Statutory rate:	
1936	196
1937	268
1938	151
United Kingdom trade agreement:	
1939	713
1940	585
1946	183
1947	396
(GATT):	
1948	1,017
1949	991
1950	1,587
Torquay, June 6, 1951:	
1951	1,680
1952	2,340
1953	3,115
1954	2,880
1955	4,008
6th Protocol, June 30, 1956:	
1956	4,420
1957	4,686
1958	4,638
1959	7,011
1960 (11 months)	7,549

TABLE 4.—*Imports of velvet, wilton, brussels and others not specifically provided for*

SQUARE YARDS

	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960 (11 months)
Belgium	1,251,416	1,883,428	2,494,127	2,331,188	3,377,802	3,664,490	3,626,725	3,550,446	4,948,061	4,064,775
Japan	26,635	11,120	452	13,439	109,468	180,851	355,230	547,860	1,458,767	2,694,937
All others	401,956	445,198	620,646	535,152	520,961	575,012	704,045	539,694	604,172	789,288
Total	1,680,007	2,339,746	3,115,225	2,879,779	4,008,231	4,420,353	4,686,000	4,638,000	7,011,000	7,549,000

DOLLAR VALUE

Belgium	5,985,746	6,549,796	8,864,162	8,265,435	11,554,783	12,888,200	13,632,162	12,126,668	16,040,573	14,269,856
Japan	105,726	42,048	1,644	41,338	264,878	476,710	1,063,994	1,713,120	4,598,211	7,888,664
All others	2,408,931	2,151,023	2,876,376	2,508,129	2,298,446	2,455,748	3,376,844	2,427,212	2,874,216	3,883,480
Total	8,500,403	8,742,867	11,742,182	10,814,902	14,118,107	15,820,658	18,073,000	16,267,000	23,513,000	26,042,000

Source: U.S. Census Bureau, Report FT-110.

TABLE 5.—*Domestic shipments, production, and inventories of wiltons and velvet carpets and rugs, ACI members only*

	Square-yard shipments	Dollar shipments	Square-yard production	Square-yard inventories
1951	31,560,000	$261,192,000	33,310,000	5,140,000
1952	34,865,000	247,512,000	34,983,000	5,111,000
1953	36,187,000	255,983,000	38,033,000	6,664,000
1954	32,707,000	225,674,000	33,035,000	6,569,000
1955	37,397,000	258,607,000	36,718,000	5,876,000
1956	40,814,000	289,717,000	41,156,000	6,727,000
1957	36,579,000	265,415,000	37,033,000	7,656,000
1958	35,158,000	239,265,000	34,876,000	6,626,000
1959	42,119,000	288,717,000	43,343,000	7,426,000
1960 (11 months)	31,521,000	223,273,000	31,553,000	7,383,000

Source: American Carpet Institute, Inc.

NOTE.—Includes all carpets manufactured on wilton and velvet looms irrespective of width or fiber content. The production, shipment, and inventory of certain knitted carpets are included in the above figures. Elimination of these knitted carpets would disclose confidential production and shipment statistics.

TABLE 6.—*U.S. exports of carpets and rugs*

	Square yards	Dollar value		Square yards	Dollar value
1951	214,876	$1,313,425	1956	323,122	$2,182,824
1952	202,015	996,708	1957	466,268	3,649,340
1953	181,825	1,018,438	1958	481,800	2,742,114
1954	280,964	1,405,726	1959	195,711	1,206,285
1955	314,818	1,807,288	1960 (8 months)	152,343	1,028,450

Source: U.S. Bureau of Census. Report FT 410. Carpets are designated as "wool carpets and rugs" (schedule A classification 36620). Separate figures for wiltons and velvets not available. Classification presumably would also include man-made fibers.

Senator PASTORE. Thank you, sir.

Is there anyone else in this room who desires to testify either for or against?

The Chair hears none. The hearing will come to a close.

(Whereupon, at 4:35 p.m., the subcommittee was adjourned.)

(The following information was subsequently received for the record:)

STATEMENT BY KENNETH C. ROYALL, ATTORNEY, ON BEHALF OF THE RAYON STAPLE FIBER PRODUCERS ASSOCIATION

My name is Kenneth C. Royall. I am a lawyer with offices at 1000 Vermont Avenue NW., Washington, D.C., and 100 Broadway, New York, N.Y. My firm represents the Rayon Staple Fiber Producers Association. That association is an organization of the major rayon staple fiber producers in the United States. Those producers are American Viscose Corp., Courtaulds (Alabama), Inc., American Enka Corp., and Hartford Fibres Co., a division of Bigelow-Sanford, Inc. These four producers account for more than 95 percent of the total domestic production of rayon staple fiber.

The rayon staple fiber industry has been plagued for a number of years with substantial volumes of imported fiber sold at prices at which our domestic industry cannot compete. As a result, the industry has been operating at reduced and inadequate profits and is currently operating at a net loss.

Rayon staple fiber is the subject of an escape clause investigation now being carried out by the U.S. Tariff Commission. We are not seeking to present fresh arguments to this committee with respect to the issues which are now before the Tariff Commission. However, since the Commission can do no more than recommend relief, and final action must depend upon decisions within the administration, we think it appropriate to place before you an account of the rayon staple fiber industry's serious injury from import competition.

Producers in the major European countries have been the principal exporters of staple fiber to the United States. More recently Japan has reentered this market through the sale of relatively small quantities of fiber in what appears to be a testing of the market potential.

It is estimated that there is approximately 1 billion pounds of excess capacity in the world outside of the United States. This is more than double the total U.S. demand in 1959. Japan alone has an excess capacity of more than 500 million pounds—or more than enough to supply by itself the entire U.S. demand at its present level. This offers a present, a continuing, and a future threat to U.S. producers.

The United States is by all odds the largest export market in which to dispose of this enormous excess productive capacity. In 1959 exports by producing countries to the United States amounted to 115 million pounds. This was over 23 percent of total world exports by 26 countries producing rayon staple fiber. No other country producing staple fiber is subjected to competition from imports in this magnitude. In contrast, a total of only 78 million pounds were imported into all the other producing countries. This amount was equal to only 4 percent of their combined domestic production. Imports into this country were equal to 32 percent of the domestic production.

In 1959 such imports were 38.5 percent above the amount imported in the prior year. Although our domestic demand in 1959 increased by 51,900,000 pounds, imported fiber took 61.8 percent of our additional 1959 market.

Since the domestic staple fiber industry cannot compete with imported fiber in our own market, assuredly we cannot compete in the world market. For example, in 1959, the last complete year for which statistics are available, U.S. exports of rayon staple and tow were only 661,000 pounds, or less than one-fifth of 1 percent of that year's domestic production of 359.1 million pounds. Furthermore, these exports were largely of specialty types. Underdeveloped countries now offer some market for imported fiber. However, with the increasing efforts to industrialize these countries—and to expand the production of manmade fibers in the Iron Curtain countries—these markets will eventually diminish. This would leave the U.S. market, with its inadequate tariff and practically nonexistent control over the volume of imports, the obvious alternative for disposing of this increased excess production.

The domestic industry has taken every conceivable measure available to it which might enable it to withstand this onslaught of imports. It has installed the most modern machinery and equipment obtainable. It has as efficient production facilities as any staple fiber producing country in the world. Over a period of years, the industry has made significant advances in maintaining a high degree of labor efficiency through improved manufacturing technology. Even in periods of declining sales, such as in 1960, the industry has continually expended considerable sums of money for research and development of new fibers and new markets. In 1960 approximately $3 million was spent for this purpose.

Such research must be reduced or ultimately eliminated if earnings are not available to pay the cost. The incentive for American development of new fibers and new end uses is largely nullified when a large part of the benefit of this research and development accrues to foreign producers and importers.

Like other American industries, advertising and promotion are an important part of maintaining and improving the market in the United States for staple fiber. Here again the foreign producers and importers, who admittedly contribute little or nothing to the cost of advertising and promotion, reap the benefits of our efforts by undercutting the domestic price.

The ability of foreign producers to undersell us in our own market is not only made possible, but in large part is encouraged by the present inadequate rate of duty. That rate of duty is now 15 percent ad valorem. It has been reduced by concessions of 5 percent at Geneva and 5 percent at Torquay, from the original tariff schedule of 25 percent.

Even the percentage reduction, although extremely important, does not convey the full picture. In 1930, the year the original tariff was enacted, the average declared value of imported fiber was 37.8 cents per pound. At a 25-percent rate of duty, this amounted to approximately 9½ cents per pound. In contrast, the average declared value of imports in 1960 was about 24 cents per pound. Actual duty under the present schedule was only 3½ cents. Not only has the actual tariff protection in cents per pound declined drastically since 1930, but the volume of imports, which in 1930 was 427,000 pounds, increased to 115 million pounds in 1959.

One of the major problems for the domestic industry is its inability, in view of the present tariff schedule, to establish a price structure which will permit it to obtain a reasonable return from operations—a return which has been inadequate for a number of years.

The wholesale price indexes published by the Bureau of Labor Statistics show that up to 1952 the price for rayon staple followed very closely the trend in wholesale prices for all commodities and for the chemical and allied products industry, of which rayon staple fiber is a part. Beginning, however, in 1952 the trend in the prices of staple fiber has declined drastically. The preliminary or estimated figures for 1960 show that based on a 1947–49 index period, staple fiber prices have dropped 14 index points. On the contrary "all commodities" has risen almost 20 index points or a current differential between the 2 of approximately 34 index points. Attached to this statement is a chart with a supporting table graphically portraying these facts.

The most convincing demonstration, however, of the serious nature of the problem which now faces this industry is the inadequate profits which this industry has earned over a period of years. Information recently submitted to the U.S. Tariff Commission during the course of its escape clause investigation of the rayon staple fiber industry, disclosed that the net profits, before taxes, for the companies which we represent, as a percentage of estimated net investment in fixed assets and working capital were as follows:

1957	2.4	1959	6.3
1958	2.1	1960	(−.9)

This comparison was not based on original cost or replacement value, but instead was based on depreciated fixed assets plus working capital. More than anything we could say, these figures demonstrate the serious plight of this industry. This situation has resulted primarily from the large volume of imports at inordinately low prices.

The inadequacy of profits for this industry does not tell the whole story. Mr. Wesley Cook, vice president and director of the Textile Workers Union of America, AFL–CIO, and director of its synthetic yarn division, has supplied to this committee a statement expressing the deep concern which his union has for the employees in this industry if this situation continues to prevail. You will note that in his statement he had advocated not only the application of the top ad valorem rate or duty, but, in addition, has urged the imposition of quotas in view of the exceptionally low cost of production in some countries. Furthermore, the adversities suffered by the staple fiber industry are also reflected in the experience of its raw material suppliers and the service industries on which it depends.

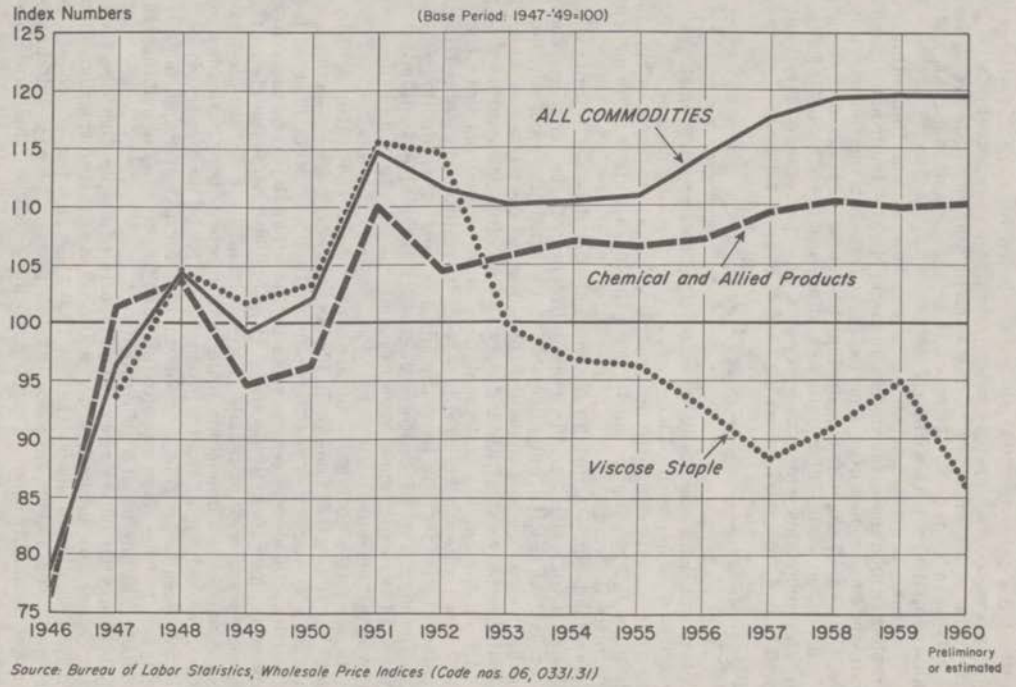
Rayon staple fiber has a preeminent place in the textile field by virtue of the fact that it is used alone or in blends with other fibers—manmade or natural—in a greater variety of textile products than any other fiber with the exception of cotton. In blends, census records show that it is used more extensively than any other fiber, including cotton. It has inherent functional and physical advantages, such as ease of textile processing and its moisture absorption properties which make it an important adjunct with other fibers in the development of new and increased use of textile products. It is the least expensive of all manmade fibers. Because of this, a stable market for rayon staple fiber is of great importance to the American textile manufacturers in enabling them better to compete with imported textile products.

Necessary measures restricting imports of staple fiber are essential however to stabilize the domestic fiber market. Again, information submitted to the Tariff Commission shows that in 1960 the price per pound of staple fiber has dropped over 5 cents or more than 15 percent. The result has been complete market demoralization. Textile mills have reduced their orders of staple fiber because of fear of inventory loss. Consumption in 1960 was down by more than 15 percent as compared with 1959. Today domestic staple fiber producers are confronted not only with lower prices for their products, but also with smaller sales and growing inventories. Thus, the evil is compounded. The history of inadequate profits for the domestic staple fiber producers threatens the very existence of this very important supplier to the textile industry.

We earnestly believe and urge that the problems facing the rayon staple fiber industry should be considered by this committee in formulating its recommendations to relieve the serious situation confronting the entire textile industry.

TREND IN WHOLESALE PRICES, 1946-1960

All Commodities; Chemical and Allied Products; Viscose Staple Fiber, 1½ Denier



Source: Bureau of Labor Statistics, Wholesale Price Indices (Code nos. 06, 0331 31)

Trend in wholesale prices, 1946–60, all commodities; chemical and allied products, viscose staple fiber, 1½ denier

[Base period: 1947–49=100]

Period	All commodities	Chemical and allied products	Viscose staple fiber, 1½ denier	Period	All commodities	Chemical and allied products	Viscose staple fiber, 1½ denier
1946	78.7	76.3	(1)	1954	110.3	107.0	96.8
1947	96.4	101.4	93.7	1955	110.7	106.6	96.3
1948	104.4	103.8	104.5	1956	114.3	107.2	92.7
1949	99.2	94.8	101.8	1957	117.6	109.5	88.3
1950	103.1	96.3	103.3	1958	119.2	110.4	91.0
1951	114.8	110.0	115.3	1959	119.5	109.9	94.9
1952	111.6	104.5	114.5	1960	119.6	110.2	86.0
1953	110.1	105.7	99.7				

[1] Not available.

Source: Bureau of Labor Statistics, Wholesale Price Indexes.

THE HOUSE DRESS INSTITUTE,
New Work, N.Y., February 9, 1961.

Senator JOHN O. PASTORE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PASTORE: In connection with the hearings of the Subcommittee To Investigate Problems of the Textile Industries, I am writing to advise you that this association of house dress manufacturers endorses the filed statement of the committee for the apparel industries, submitted by Sidney S. Korzenik, Esq., its counsel.

Please add our name to the list of names of trade associations appended to the said statement.

Respectfully yours,

MAX MILSTEIN.

STATEMENT OF JACOB S. POTOFSKY, GENERAL PRESIDENT OF AMALGAMATED CLOTHING WORKERS OF AMERICA, AFL–CIO

The Amalgamated Clothing Workers of America, AFL–CIO, is a labor union representing 385,000 workers in 41 States. The men and women who are members of the union are employed in the manufacture of men's and boys' clothing and furnishings and related items, principally tailored suits, overcoats, topcoats, and sports jackets; separate trousers and slacks; outerwear, sportswear and rainwear; shirts and pajamas; gloves and neckties; work clothing, and athletic apparel.

The apparel industry is an important part of the U.S. economy. It produces a basic necessity. Its annual output at wholesale prices is valued at over $9 billion. It employs over a million workers. It is one of the most important customers of the American textile industry. In 1959 it was the largest single user of cotton and wool, accounting for 55 percent of all the end uses of cotton, and 58 percent of all the end uses of wool. It also accounted for 30 percent of the end uses of manmade fibers.

The future of this country's apparel industry and the jobs of its workers are seriously threatened by the rising tide of imports from low wage countries. The knit glove segment of the industry is already well on the road to destruction. Imports of knit gloves have preempted two-thirds of the domestic market and only about a dozen knit glove firms in this country have survived. Shirt imports from Japan and Hong Kong have grown steadily from 200 dozen in 1953, to 548,000 dozen in 1955, to 1.3 million dozen in 1957, to 2.2 million dozen in 1959. This year the United States imported 17 million pairs of pants. Japan has begun to ship readymade tailored clothing to this country, and Hong Kong is developing a mail-order business with the United States in made-to-measure tailored clothing. One by one the various segments of the men's and boys' apparel industry are being subjected to unfair competition from low wage countries.

The import statistics tell only a small part of the story. In the atmosphere of cut-throat competition which pervades the apparel industry on both the manufacturing and retail levels, a relatively small volume of imports is highly dis-

ruptive. Most men's and boys' wear is promoted and sold at retail in this country in terms of price appeal. When a retail outlet undersells his competitors on the basis of imports from low wage countries, the competing retailers immediately demand equivalent price concessions from their domestic suppliers, and shop for them from manufacturer to manufacturer. When domestic manufacturers find that they are losing accounts to competition from abroad which they cannot possibly meet, they are under pressure to dilute quality, to lower wages and to develop their own import sources. When any firm is forced out of business by import competition, the market is demoralized by uncertainty and fear.

The most serious aspect of the problem is the dangerous threat to the existence of the apparel industry if the present trend of imports continues. The very nature of the industry makes it particularly vulnerable to destruction by a sudden influx of low wage imports. Because of inherent characteristics of the apparel industry, it can be rapidly overwhelmed by such imports long before any remedy through the escape clause procedures can be made available.

In the present stage of the world's history there is grave danger that a sudden destructive flood of apparel imports will, in fact, engulf the U.S. market. It arises from the special appeal which the apparel industry has to underdeveloped and semideveloped countries eager to hasten their economic growth through industrialization and increased exports. It is an industry which requires a relatively high labor input and very little capital. Its equipment, techniques, and skills are simple and readily available. It can be developed easily and expanded rapidly. If on the basis of these characteristics, underdeveloped countries—which typically have a labor surplus and a shortage of capital—undertook to build a domestic apparel industry better to clothe their own populations, they would be making a constructive contribution to greater well-being for their people. Such efforts should be encouraged and assisted.

The record indicates, however, that instead of developing and expanding a domestic apparel industry, these countries tend to concentrate on an apparel industry for export. They prefer to take advantage of their extremely low wages to compete in long established apparel markets of more highly industrialized nations. The phenomenal growth in the past few years of the expert segment of the apparel industries of Japan and Hong Kong illustrates how rapidly apparel exports can be expanded. The United States and Canada have thus far borne the brunt of this unfair competition. Other nations have used their foreign exchange control machinery or options open to them under GATT to protect their domestic markets against these imports. On the basis of the recent experience of Japan and Hong Kong, other low wage countries such as Taiwan, Okinawa, and Spain are planning to expand apparel production for export to the United States. The men's and boys' wear industry of this country thus faces a flood of imports from low wage countries which must ultimately destroy the domestic industry.

There is no conceivable way in which the men's and boys' apparel industry can compete successfully against these imports. The domestic industry is composed of a large number of small firms competing intensely for a declining share of the consumer's dollar. It is one of the most competitive industries in the country. The struggle to survive in this competitive environment has forced men's and boys' wear manufacturers to cut costs and prices wherever possible, to modernize plant and equipment, and to develop efficient production methods. The intensity of the competition has also meant extremely low profit ratios, a high bankruptcy rate and many firms on the margin of existence. There is, therefore, neither leeway for further price cuts nor a cushion of monopoly profit to fall back on in meeting competition from low wage countries.

Nor can the domestic industry compete on the basis of technological advantage. The worldwide activities of the major machinery and equipment manufacturers and of the industrial engineers and production specialists for the garment trades, has internationalized technological and production know-how in the men's and boys' apparel field. As a result, apparel plants in the low wage countries have been able to attain quickly the productivity levels of the men's and boys' wear manufacturing industry of this country.

As we indicated earlier, labor cost in the apparel industry represents a relatively large proportion of total cost. Since there is little difference in apparel productivity here and in the apparel exporting countries, the enormous difference in wages places the domestic producer of men's and boys' wear at an impossible competitive disadvantage. In the United States, wages of men's and boys' apparel workers range from an average of $1.33 an hour paid by

manufacturers of men's and boys' furnishings and work clothing to an average of $1.91 an hour paid by manufacturers of men's and boys' suits and coats. Comparable wages in Japan are about 14 cents an hour, in Hong Kong 10 to 12 cents an hour, and in the case of howework considerably less. There is nothing the domestic industry can do to meet this kind of competition. It is fundamentally destructive. It is not based on management skill, style leadership, imaginative merchandising or a better product. It is based primarily on the exploitation of labor, on the ability to maintain wage and working conditions which are unthinkable in the United States.

Unless effective action is taken to forestall a flood of apparel imports, domestic manufacturers will either be forced out of business, or encouraged to shift their operations to the low wage countries which enjoy a competitive advantage in the U.S. market. In either case the result will be factory shutdowns and unemployment in a basic American industry. Such unemployment will tend to be widespread and of long duration. Apparel is produced in many States, and apparel manufacturers everywhere will be affected. In some areas the apparel plant represents the only available industrial employment, and closing the factory will mean distress for the entire community. In many communities, the apparel work force is made up largely of older workers, whose only skill is needlework. They are difficult to retrain, and usually have difficulty finding new jobs. A large proportion of the apparel workers are women. The alternate job opportunities open to them in any community is generally highly limited, and their family obligations often make it impossible for them to move to other communities to find work. There is something wrong with Government policy which invites this kind of senseless waste of capital and human resources; which permits the unfair competition of low wage imports to destroy a sound industry operating in the best traditions of American competitive enterprise.

The Amalgamated Clothing Workers of America has long favored improved trade relations among the countries of the world. We have always supported the reciprocal trade program. Our objective has been to encourage programs and policies which contribute to higher living standards everywhere in the world. That remains our objective. But that objective is not served by permitting the competition of sweated labor abroad to destroy a basic American industry like apparel. We, therefore, respectfully urge this committee to recommend legislation to safeguard historic levels of production of the apparel industry of the United States.

STATEMENT ON BEHALF OF THE TEXTILE WORKERS UNION OF AMERICA, AFL–CIO, BY WESLEY W. COOK, VICE PRESIDENT AND DIRECTOR OF THE SYNTHETIC YARN DIVISION

Mr. Chairman and members of the subcommittee, my name is Wesley W. Cook, I reside at 58F Crescent Road, Greenbelt, Md., I am employed by the Textile Workers Union of America, AFL–CIO and have been in the employ of this union since March 13, 1937. My entire experience with the union has been devoted to the problems of the synthetic yarn industry. In May of 1937, almost 24 years ago, I made my first trip to Nitro, W. Va. The Nitro plant of the American Viscose Corp. had been converted from a pulpmill to a staple fiber mill during the preceding 2 years. At that time staple fiber was considered a wonderful, profitable product because it sold for 25 cents per pound and was in good demand.

Today if I were to make a similar visit and were to look into the sales books of the industry I am sure that I would find that at least some part of the first quality production has sold in the open market at prices only slightly above those which prevailed 24 years ago.

I know no other industry and no other product where the selling price for a product in substantial demand in 1961 is so very near to the price for which it sold in 1937 despite approximately 300 percent increase in hourly wage rates and earnings and despite substantial increases in raw material costs.

The story of the staple fiber prices which run from 25 cents in 1937 up to 40 cents in 1952 and back to 25, 26, and 27 cents in 1961 portrays the fate of the industry in a nutshell. The result of this picture is so disastrous that the U.S. Tariff Commission indicated in the August hearings on peril points that an escape clause proceeding for relief of this industry would be timely.

The U.S. Tariff Commission held hearings on January 31 and February 1 on proposals to invoke the escape clause provision of the tariff law in respect to the rayon staple fiber industry.

The Rayon Staple Fiber Producers Association, representing more than 95 percent of the total production of rayon staple fiber, presented a well-documented case proving distress and injury resulting from low-priced imports of staple fiber. Their presentation was conservative in all economic matters and was particularly conservative in its request for relief.

The major request was that the Tariff Commission recommend to the President of the United States that the escape clause procedures of the act be used, that the two prior concessions be canceled, and that the maximum relief of 37½-percent ad valorem duty be imposed. In addition the producers requested the Tariff Commission to recommend any other relief which they thought appropriate, including quotas, although no stress was laid by the producers on any type of relief except an increase in tariff.

The testimony submitted by the producers and unchallenged in the hearing showed that the industry is operating currently at a net loss and that the rate of net earnings over the past 4 or 5 years has been extremely low.

The industry outlined various means of self-help which its members had instituted prior to appeal for tariff relief. These self-help features included substantial modernization and rationalization in the industry resulting in increased labor efficiency and quality improvement, extensive market and product research resulting in the development of new uses and new fibers, and attempts to increase the domestic price level to levels which would result in profitable operation.

None of these efforts, singly or collectively, had the desired effect. Over a period of years the import price undercut the domestic price consistently, winning for itself an increasing volume of staple fiber business, and at prices that made net profits for the domestic industry impossible.

The importers testifying at the Tariff Commission hearing were very frank about their price policy. They indicated that they have generally followed a policy of quoting prices of 1½ to 2 cents below the price quotations of the domestic producers. In their presentation and in their answers to questions it was clear that they consider this undercutting of the domestic price by 6 to 8 percent is a sort of God-given right. They were most upset that the domestic industry in 1960 in desperate need of larger volume production met the import price then prevailing at approximately 29 cents per pound and followed the importers reduction in prices downward from the 29-cent level to approximately 25 to 27 cents. The importers seemed to consider this industry action as unethical, bad business judgment, and generally a violation of the importers right to preempt the low-price field. They said in effect: How can the industry expect to break even and/or make money if they are going to sell at these ruinous prices?

Here is the dilemma for the staple fiber industry. If they sell at prices which will insure a reasonable return on investment and production they will lose their market to the importers. If they sell at a price that the importers cannot match without direct dumping in violation of the law, the return on investment and sales will be so low as to result in a net loss. No amount of self-help in the way of increased production efficiencies achieved by management ingenuity and investment as well as through the cooperation of the labor union in the industry, no amount of additional research and development of new end uses and markets will avail if the importers are free at every turn to match the domestic industry price with a price automatically set 6 to 8 percent, or 1½ to 2 cents, below the domestic price level.

The Textile Workers Union of America doubts that the relief requested by the viscose stable fiber industry will be adequate to preserve the jobs of our members in this industry, 85 percent of whom belong to our union. In our opinion, one or more of the present exporters to this country would be able to jump a 37½-percent ad valorem tariff rate to undersell any U.S. fair market price. Available capacity figures also lead us to believe that this foreign country or countries have idle staple fiber capacity sufficient to supply the entire U.S. market. We therefore conclude that in addition to the flat increase in tariff

requested, some peril point quota arrangement and additional tariff penalty such as prevailed in the woolen and worsted industry prior to January 1961 is urgently needed.

Most staple fiber plants are located in small communities. In many instances, rayon staple plants and the related chemical and other suppliers who are located nearby are the lifeblood of the community. The depressing effect upon these communities of any curtailment or cessation in the production of rayon staple fiber will therefore be readily understood.

The importance of these plans to local labor forces is all the greater in those plants which have already been designated as labor surplus areas. For example, the plant at Nitro, W. Va., is near Charleston, a major area of substantial and persistent labor surplus. The Parkersburg, W. Va., plant is in a substantial labor surplus area. Without the sustained employment of rayon staple production, all these small communities will be and have been seriously affected, and labor has and will suffer.

Noncellulosic staple production, in contrast to viscose staple production, enjoys today an apparent immunity to import problems. In fact, the noncellulosic staple fiber producers are able to export approximately 10 percent of their production. But this apparently favorable position of the staple fiber producers is certain to be short lived.

American producers developed many of the original processes and were the first to get new fibers into commercial production. Production in the rest of the world, however, has rapidly caught up and scheduled expansion for 1961 and 1962 is greater abroad than in the United States. As this new capacity comes on line it will curtail our export possibilities and make a drive for imports to this country inevitable.

There is every reason to fear that within the next few years cheap imports of noncellulosic staple fiber will threaten the existence of the brandnew noncellulosic fiber industry in the same manner that cheap imports threaten the viscose staple fiber indstry.

In conclusion may I say the problems of the viscose staple fiber industry cry out for an immediate solution; and this may well have significance for other new branches of the textile industry such as the rapidly growing noncellulosic fibers.

The attached tables 1 through 5 give the basic data which support in statistical form the story which we have tried to tell here. It shows falling staple price (table 1), high imports (table 2), low domestic production in terms of capacity to produce (table 3), and disastrously low sales prices (table 4). Table 5 shows the 10-year growth of the "miracle fibers," here and abroad, and projects capacity to produce through 1962. Tables 1 through 4 are reproduced from testimony produced by the employers' group at the U.S. Tariff Commission hearing on January 31, 1961. Table 5 is from various issues of Textile Organon as noted.

TABLE 1.—*Trend in wholesale prices, 1946–60, all commodities; chemical and allied products, viscose staple fiber, 1½ denier*

[Base period: 1947–49=100]

Period	All commodities	Chemical and allied products	Viscose staple fiber, 1½ denier	Period	All commodities	Chemical and allied products	Viscose staple fiber, 1½ denier
1946	78.7	76.3	(1)	1954	110.3	107.0	96.8
1947	96.4	101.4	93.7	1955	110.7	106.6	96.3
1948	104.4	103.8	104.5	1956	114.3	107.2	92.7
1949	99.2	94.8	101.8	1957	117.6	109.5	88.3
1950	103.1	96.3	103.3	1958	119.2	110.4	91.0
1951	114.8	110.0	115.3	1959	119.5	109.9	94.9
1952	111.6	104.5	114.5	1960	119.6	110.2	86.0
1953	110.1	105.7	99.7				

[1] Not available.

Source: Bureau of Labor Statistics, Wholesale Price Indexes.

TABLE 2.—*U.S. domestic deliveries, imports, and total of deliveries and imports of rayon staple fiber, 1946–59*

[In millions of pounds]

Year	Domestic shipments	Imports	Mill consumption [1]	Year	Domestic shipments	Imports	Mill consumption [1]
1946	131.7	33.9	165.6	1953	206.1	68.4	274.5
1947	163.9	36.1	200.0	1954	311.2	58.1	369.3
1948	182.5	38.7	221.2	1955	332.1	171.9	504.0
1949	129.6	15.6	145.2	1956	329.5	91.8	421.3
1950	189.4	89.9	279.3	1957	354.4	83.6	438.0
1951	201.1	89.0	290.1	1958	328.3	83.4	411.7
1952	209.7	68.7	278.4	1959	348.1	115.1	463.2

[1] Mill consumption of rayon staple fiber means domestic shipments plus imports.

Source: Domestic shipments: Textile Organon, February issues. Imports: U.S. Bureau of the Census, Report FT–110. Data refer to import schedule A commodity No. 3810.000 for period 1946–53, and No. 3810.020 for period 1954–59. Data include unknown amounts of noncellulosic fiber for period prior to 1954.

TABLE 3.—*Rayon staple fiber capacity and production, 1955–60*

Year	Capacity [1]	Production [2]	Percent [3]
1955	368.8	320.6	86.9
1956	385.6	323.2	83.8
1957	480.6	355.4	74.0
1958	502.2	311.5	62.0
1959	498.8	343.5	68.9
1960	498.9	297.9	59.7

[1] Capacity on basis of 51-week year, in millions of pounds. Data supplied by Textile Economic Bureau at the request of the individual producers.
[2] Production in millions of pounds. Data from confidential replies by companies to U.S. Tariff Commission "Producers' Questionnaire."
[3] Production as percent of capacity.

TABLE 4.—*Price per pound of rayon staple fiber manufactured, types I and II, 1955–60*

[In cents]

	1955	1956	1957	1958	1959	1960
Price per pound (quarterly average):						
Mar. 15	34.15	32.29	30.67	31.29	31.32	30.16
June 15	34.06	31.90	29.93	31.21	31.14	27.79
Sept. 15	34.07	31.86	29.78	31.31	32.30	27.18
Dec. 15	32.62	32.54	30.37	31.16	32.17	26.78

NOTE.—Differences in accounting procedures among reporting companies exist; it is believed that these do not materially affect the data above.

Source: Confidential replies by companies to U.S. Tariff Commission "Producers' Questionnaire." Price per pound represents weighted average for rayon staple fiber types 1 and 2.

TABLE 5.—*Noncellulosic staple fiber production and projected capacity*

[Millions of pounds]

	United States	World	United States as percent of world
Production:			
1950	22	33	67
1951	32	60	54
1952	47	83	57
1953	51	100	51
1954	59	120	49
1955	105	185	57
1956	127	241	53
1957	180	346	52
1958	171	334	51
1959	233	497	47
1960	240	(1)	(1)
Projected capacity:			
1961	411	823	50
1962	435	1,040	42

[1] Not available.

Source: Textile Organon, June 1960, p. 97, for world production and projected capacity; February 1961, p. 21, for U.S. production; and December 1960, p. 195, for U.S. capacity.

STATEMENT IN BEHALF OF THE NATIONAL KNITTED OUTERWEAR ASSOCIATION BY SIDNEY S. KORZENIK, EXECUTIVE DIRECTOR AND COUNSEL

The rise of foreign competition in knitted outerwear has been recent, precipitous, and deeply disturbing to American manufacture. The case is, therefore, illustrative of the injurious impact of competition from low-wage countries upon an industry in the textile-apparel group and is believed typical of the dangers which such competition presents to the textile and apparel industry.

The nature of the industry

The knitted outerwear industry produces chiefly sweaters and a variety of other products of knitted outer apparel, including knitted shirts, infants' knitwear, knitted headwear and knitted fabric. The industry is textile in character in that it begins with yarn and knits its fabrics; and it also shares some of the characteristics of the apparel group in that it processes its fabric into finished garments. The unity of this diversified industry lies in the fact that all of its various products stem from the knitting process, they are made for outerwear use, their manufacturing technologies are closely allied, and the general conditions of production are similar.

The industry is characteristically small business in nature. Considering knitted outerware apparel alone, and not including knitted fabrics for sale as such, the industry gives a livelihood to approximately 65,000 men and women in 1,100 manufacturing enterprises in various parts of the country. As will be noted, the average manufacturer employs less than 60 persons. Capital resources of the average firm are usually quite restrictive even for its limited operations. The industry is highly competitive and despite the recent rise in its total output, its operations have been based on close tolerances and, as will presently be seen, its profit margins have in recent years been consistently dwindling.

The problem of foreign knitted outerwear in general

The area in which foreign imports have thus far been concentrated is that of knitted outerwear wholly or in chief value of wool. There have also been increases in imports in other types of knitgoods. But the problem in wool knit outerwear will serve to present the general case and will demonstrate its seriousness. The total entries in all categories of wool knitted outerwear under paragraph 1114(d) have since 1955 mounted consistently and substantially as indicated by the following figures:

TABLE I.—*Total of wool outerwear of all kinds imported into the United States*[1]

	Pounds	Value
1955	1,376,637	$18,230,876
1956	2,534,353	26,780,565
1957	2,688,273	25,682,437
1958	3,127,571	24,819,090
1959	4,833,009	35,433,383

[1] Included in these totals are the following schedule A commodity numbers: 3637-200, 3637-330, 3637-350, 3637-450, 3637-500, 3637-700, 3637-830, 3637-840, 3637-860, 3637-900.

Source: FT 110 Reports, U.S. Department of Commerce.

It will be noted that the volume of such imports as measured in poundage increased within this interval to approximately 400 percent of the 1955 level, while its value has nearly doubled. The difference in the rate of increase between the two is to be accounted for by the increasing contribution made to the total by low-priced Japanese goods in displacement of articles coming in greater proportion during the earlier years from other foreign sources. Clearly, nothing here indicates that existing tariff rates provide any impediment to the free influx of wool knitted outerwear from abroad. If existing tariffs remain at present levels, forces presently in operation will cause this import volume to expand further. It is apparent from incomplete figures that the rise is continuing, and it is estimated that the total poundage of these imports in 1960 was approximately 6 million, and that the total value was over $45 million.

Low-wage countries forge ahead in U.S. market

In the foregoing grouping of wool knitted outerwear imports, the largest classification is that consisting of articles valued over $5 per pound. The United Kingdom used to lead in the export of such commodities to the American market. Indeed, the concessions negotiated in the reduction of the tariff applicable to this classification were originally made in favor of Britain. But in recent years they operated to the detriment of Britain as well as of our own domestic producers. Japanese competition defeated Britain in our market, to say nothing of the injury to American manufacturers. The result was that Japan, which in 1954 exported relatively insignificant quantities in this category has forged ahead and is now the major supplier as measured both in value and in pounds, having displaced the United Kingdom from its former premier position, as the following data further indicate:

TABLE II.—*Imports of outerwear, knit or crocheted, wholly or in chief value of wool, valued over $5 per pound*

Year	Total		United Kingdom		Japan	
	Pounds	Value	Pounds	Value	Pounds	Value
1947	189,126	$2,583,587	172,994	$2,390,463	----	----
1948	230,029	3,092,808	196,694	2,787,504	----	----
1949	265,400	3,751,511	210,218	3,144,302	----	----
1950	510,528	6,256,397	378,146	4,754,933	----	----
1951	636,312	9,512,613	419,733	7,155,122	4,000	$36,000
1952	708,844	11,304,109	451,055	7,550,184	8,000	91,000
1953	921,820	14,145,202	588,254	9,229,729	6,000	81,000
1954	941,000	14,550,000	517,244	8,416,192	51,662	365,372
1955	1,160,532	17,408,254	438,073	7,820,119	234,344	2,067,543
1956	2,172,854	25,309,280	476,601	8,423,569	1,007,539	7,422,651
1957	2,206,652	23,740,846	407,090	6,788,202	970,983	7,362,821
1958	2,287,899	21,577,703	395,189	5,264,884	963,226	6,942,186
1959	3,228,601	29,322,000	476,255	6,240,188	1,303,066	9,180,151

Source: FT 110 Reports, U.S. Department of Commerce. Schedule A commodity No. 3637-850 up to 1953; and 3637-840 and 3637-860 for the years thereafter.

It is apparent from the foregoing that the imports from the United Kingdom in this major category rose consistently after 1947 until the first encounter was made in the U.S. market with Japanese competition in this field in 1954. Thereafter, a decline set in as a result thereof and the Japanese total has risen rapidly. It is also apparent from incomplete figures for 1960 that Japanese producers are continuing to widen their lead in the U.S. market.

General business conditions caused by the recession at the close of 1957 and during 1958 account for the accentuated decline in the British figures in 1958 and for the temporary halt in the increase of Japanese imports which resumed their rise immediately thereafter. With the general business upturn in 1959, imports from the United Kingdom nevertheless scarcely returned to the level of 1956, whereas Japanese imports continued to soar to a new peak.

The term "knitted outerwear" comprehends a diversity of products, the chief among them being sweaters. Since 1954, the Department of Commerce has segregated data on wool sweaters valued over $5 a pound from other knitted outerwear in this category. The figures with respect to sweaters of wool over $5 per pound demonstrate the same trend as is reflected above.

TABLE III.—*Imports of outerwear, knit or crocheted, wholly or in chief value of wool, valued over $5 per pound, sweaters only*

Year	Total		United Kingdom		Japan	
	Pounds	Value	Pounds	Value	Pounds	Value
1954	678,640	$11,151,739	340,645	$6,131,473	48,638	$287,520
1955	896,380	13,837,150	307,624	5,910,944	221,996	1,941,682
1956	1,612,750	18,835,615	294,059	5,792,234	884,810	6,463,490
1957	1,578,514	16,425,891	215,834	3,733,176	924,876	7,057,568
1958	1,347,613	12,021,089	174,830	2,271,603	795,092	5,725,163
1959	1,845,969	15,312,324	174,181	2,405,049	1,209,126	8,487,992

Source: FT 110 Reports, U.S. Department of Commerce. Schedule A commodity No. 3637 840.

Again, from the foregoing it will be seen that while the total unit volume of sweater imports, as measured in pounds, was temporarily affected by general economic conditions in the domestic market during the recession of late 1957 and 1958, existing tariffs on sweaters valued over $5 per pound have in no way inhibited the increase in this classification when general business activity was resumed. It will also be noted that even the entry of a relatively small quantity of Japanese sweaters into the domestic market in 1954 was sufficient to disrupt buying from other sources, aborting the growth of British trade in such commodities and producing a reversal in the previous trend of imports from the United Kingdom.

We point to the stifling effect of Japanese competition upon the previously thriving British trade only because that consequence of Japanese imports is so transparently clear from these data. When British producers who were able to make such headway in our market against the competition from American manufacturers were themselves displaced by Japanese competition, the mounting difficulties of American producers may be inferred. A more direct demonstration of the fact that the injury suffered by the American sweater industry was aggravated to serious proportions is offered below.

Japanese knitted outerwear has under existing tariffs come to occupy a substantial portion of the American market for directly competitive products

While the foregoing statistics describe the volume of knitted outerwear imports in pounds, the Bureau of Census in its annual surveys reports the industry's production in dozens. Comparisons are thus rendered difficult without the interposition of a reliable conversion factor and also by additional problems raised by the fiber classifications of the data on domestic production. However, the Japanese Ministry of International Trade and Industry has issued data on the export of sweaters to the U.S. market expressed in dozens. Information from this Japanese source is summarized in table IV.

TABLE IV.—*Japanese export of sweaters to the United States, wool and related fibers*

Year	Dozens	Year	Dozens
1954	13,611	1958	242,151
1955	63,772	Total 1959	294,800
1956	261,534	11 months of 1959	287,946
1957	224,612	11 months of 1960	343,000

It is basic to an understanding of the sweater import problem to recognize that there are in general two types of sweaters: fully-fashioned and cut-and-sewn. The fully-fashioned garment is one whose parts are shaped in the knitting, whereas the other type consists of parts that have been sewn together after having been shaped by cutting. The two types are distinctly classified in the market and it is important for comparison purposes that this distinction be borne in mind.

Virtually all sweaters imported into the United States are fully-fashioned, whether from Japan or other sources. Unfortunately, however, the U.S. Bureau of Census of the Department of Commerce does not distinguish in its domestic production data between fully-fashioned and cut-and-sewn sweaters. Both are lumped together.

In order to present a valid comparison, therefore, between the volume of imports and the domestic production, the National Knitted Outerwear Association has made a survey of fully-fashioned sweater production.

The attempt was made to gather data on domestic production by fiber categories consonant with American usage and likely to afford fiber groupings comparable to the Japanese data. It is common knowledge in the market that in 1957 and thereafter the Japanese abandoned the export of cashmere sweaters with which they first penetrated the American field. As cashmere exports from Japan were virtually nonexistent in 1957 and thereafter, a comparable exclusion was made from American data. Further, it is not clear from the Japanese figures whether sweaters made of fur fiber blends are included in the class described as wool and related fibers. But assuming that fur blends are included in this Japanese classification, the comparison of Japanese imports with domestic production yields the following results:

TABLE V.—*Comparison between Japanese sweater exports made of "wool and related fibers" and U.S. production of fully-fashioned sweaters made of wool, wool specialty fibers and fur-blend yarns, not including cashmere*

[Dozens]

Year	U.S. production	Japanese exports to United States	Percentage of Japanese to United States
1957	627,000	224,612	35.4
1958	610,000	242,151	39.6
1959	765,000	294,408	38.5

It is believed that in 1957 and 1958 the Japanese had not yet followed the American trade in the production of sweaters of fur-fiber blends, and Japanese figures for those years are believed, therefore, to represent sweaters for the most part made entirely of wool. Thus, it will be seen that in 1957, when the U.S. production of fully fashioned sweaters made entirely of wool and specialty fibers, excluding cashmere, amounted to 122,421 dozen, according to our survey, Japanese exports of sweaters of wool and related fibers were 224,612 dozen, or 183 percent of the American total. This accounts for the fact that in the following year, 1958, the total U.S. production of fully fashioned sweaters made of the fibers described above declined to 105,267, while the Japanese exports rose to 230 percent of that figure, or 242,151 dozen. Japanese producers for the U.S. market have since 1958 increasingly penetrated the fur-blended sweater market.

Parenthetically, it may be noted from table I that the quantity of knitting yarns made wholly or in chief value of wool and entering the United States in the form of knitted outerwear under paragraph 1114(d) amounted in 1959 to 4,833,000 pounds. Including ornamented wool outerwear entering under paragraph 1529(a), the total is 5,320,192 pounds. According to our best esti-

mate, the U.S. knitted outerwear industry's consumption in 1959 of domestically produced knitting yarns entirely or chiefly of wool amounted to 17 million pounds (an estimate which is, incidentally, consistent with that of the Wool Bureau. See article by Ruth Jackendorf, director, Department of Economic Statistics, the Wool Bureau, Inc., Knitted Outerwear Times, October 19, 1959, p. 9).

Thus, wool knitted outerwear entering the United States from abroad, reckoned only on a net weight basis, represents nearly one-third of the total domestic consumption of comparable knitting yarns.

In 1959, 5,168,000 pounds of yarns chiefly or wholly of wool were imported into the United States. This includes both weaving and knitting yarns, no distinction being made in available data. On the likely assumption that most were weaving yarns, it may be concluded that knitting yarns of wool imported into the United States in finished knitted outerwear represents more than twice the amount of wool knitting yarns introduced for consumption here.

The effect of substantial imports of Japanese goods in every fiber branch of the indusry that they have entered has not only to hurt the American producer but to hurt the market generally

Within the broad classifications of wool referred to above, there are distinct types which U.S. producers promoted, developed, and then, upon entry by Japanese competitors, retreated from and abandoned. Unfortunately, the fine breakdowns of the general figures stated above are not available, but the facts are common knowledge in the industry.

Disruptively low prices were the means, of course, by which Japanese competition so rapidly penetrated the American market. Their low prices also explain why the areas of knitwear trade which Japanese competition successively exploited were left less attractive and less capable of absorbing either American or Japanese products. When American producers promote an article, retailers are usually interested, and Japanese competitors can invade that market by underselling domestic manufacturers. But when American producers are eventually forced to quit that competitive area and no longer promote such merchandise, retail interest slackens and the Japanese then lack an actively promoted American counterpart to sell against. The sole appeal then becomes the price tag, not merchandise appeal, and in such a situation even the Japanese encounter greater resistance. But by that time the market area they exploited has been largely destroyed for all participants. Low prices can succeed in penetrating a fashion market, but they cannot sustain it. That is why Japanese goods, even in Japan's own interest, should be limited to quantities that the market can absorb without being drugged. Experience shows that present quantities exceed that limit of market tolerance.

Thus, when Japanese sweaters first appeared in cashmere, they damaged the cashmere market so badly that the entire cashmere sweater trade declined. All interested countries were adversely affected. The Japanese themselves then abandoned cashmere sweater production.

They next turned to zephyr and lambswool classic sweaters. The consequences were the same. In a short time there remained scarcely more than a handful of American producers attempting to continue the production of such sweaters. The Japanese are now exploiting sweaters made of fur blends first popularized by American producers. The future of this type of garment has been rendered doubtful.

In 1958 the Japanese Government itself recognized the destructive possibilities of their sweater exports in the American market and announced that they would limit their export of wool sweaters to 260,000 dozen per year as the total to be shipped both to the United States and Canadian markets.

The events leading up to the imposition of the quota may be set down in brief. Japanese sweaters struck the American market in quantity in 1956, when their total exports of sweaters of wool and related fibers amounted to 262,000 dozen. Some were of the cashmere type, with which they first made their successful entry in 1954 and 1955. The rest were largely of zephyr and lambswool. American producers making this latter type of garment retreated from this competitive area, having no alternative. Retail interest in these Japanese garments was keen only so long as American producers were offering a direct counterpart which the Japanese could undersell; but when the American producers deserted this area of manufacturer because direct Japanese competition proved intolerable, there was a lack of market promotion in that field, and retailers began to lose

interest. There was a market glut in full-fashioned wool sweaters. This, we believe, explains the drop in the export of Japanese sweaters of wool and related fibers in 1957. The quota, therefore, of 260,000 was announced by the Japanese Government in 1958, and the figure set was roughly equivalent to the exports of 1956.

Without making known any change in this quota, the export figures announced by Japan increased far beyond the quota limit in 1959 and reached a total of 294,000 dozen. Despite this apparent inconsistency, Japan's MITI still insisted that the quota was in effect and that the announced figures on export shipments included certain types not covered by the quota. Exactly what the quota types were or what quantities were exported under the quota was never made known. Through the U.S. Embassy in Tokyo, the National Knitted Outerwear Association presented to the Japanese Government a request for information on these and related matters necessary for an understanding of Japanese data and MITI policy. Except for limited data that had previously been made public, no further information was offered in reply. According to the trade press reports from Tokyo, the Japanese sweater export quota has been increased this year but the new limitation, if it may be entitled to that description, has not been made public.

It is obvious that the Japanese are not restricted in their sweater exports by present tariffs. They may increase their quantities at will whenever they deem it in their own best interests to do so and whenever the general state of business will permit.

That Japanese competition on entering any area of the sweater market not only ousts American producers, but causes that branch of the market to wither to the detriment of all suppliers, may be demonstrated by the following excerpts from a sweater market report made by Allied Stores Corp., probably the largest combination of department stores in the United States. The report was prepared exclusively for interorganizational use, as a guide to sweater buyers and merchandisers in the various affiliated stores. It is dated March 21, 1960.

Concerning zephyr wool sweaters:

"Most of our domestic manufacturers went out of the zephyr wool business when they could no longer compete with Japanese prices * * *.

"Most of the Japanese eventually dropped the zephyrs when the fur blend business grew. Today there is still some zephyr production in Japan and Hong Kong. The English call them Botany wools and still sell them in the British home markets. We have a few diehards who run them here, but they sell them to isolated stores."

As for fur blends:

"Though stores do run fur blend promotions from domestic makers most of them are odd lots, leftovers, end-of-season or off-season closeouts. Because you could buy fur blends from Japan at promotional prices of top quality in perfectly balanced, prespecified assortments and meet target dates for special events, most of the promotional fur blends are now bought from Japan."

The serious injury of foreign competition to the fully fashioned sweater industry of the United States is demonstrated by the sharp decline in machinery acquisitions.

Knitting machinery for producing fully fashioned sweaters has been furnished to the industry by two sources: (1) firms which convert fully fashioned hosiery into sweater machines; and (2) firms which produce new knitting machines.

In the first group all have completely abandoned this business. In the second group, production for the American market has been sharply curtailed, as shown by the following figures on sales of fully fashioned outerwear machinery to U.S. sweater producers and to producers abroad:

TABLE VI.—*Sale of knitting machinery for fully fashioned sweaters to U.S. foreign manufacturers, 1955–60*

[In machine sections]

Year	U.S. sales	Foreign sales
1955	831	42
1956	604	247
1957	325	157
1958	41	189
1959	65	234

Source: Reports received by direct inquiry made by the National Knitted Outerwear Association.

Thus, while producers of fully fashioned sweaters elsewhere in the world continue to augment their plant capacity, the machine acquisitions by domestic mills have sharply declined and almost ceased. There can be no doubt that the cause lies in the mounting imports of fully fashioned sweaters.

The foregoing statistics may be better understood when related to the dwindling profit margins in the knitted outerwear industry as reported by Dun & Bradstreet.

TABLE VII.—*Profits in knitted outerwear manufacture medians for a sample group of producers*

[Profit after taxes as percentage of sales]

1953	2.14	1957	1.15
1954	1.72	1958	.96
1955	1.58	1959	.97
1956	1.25		

Source: Dun & Bradstreet annual reports.

While the firms included in the foregoing table are not described as producers of fully fashioned or cut-and-sewn sweaters and presumably include both types, it is probable that fully fashioned sweater components account to a large extent for the declining profit margins.

CONCLUSIONS

It is apparent from the foregoing—

That increasing imports of knitted outerwear have come to occupy a substantial part of the domestic market and have been hurtful to the knitted outerwear industry and to related segments of the economy;

That as the knitted outerwear case shows, the competitive advantage rests with the countries where substandard wage rates prevail, notably Japan;

That in consequence of this advantage, low-priced imports from low-wage countries proved detrimental not only to U.S. industry, but have displaced other Western allies from their position in the American market;

That expert quotas announced by Japan have been illusory and misleading and unless bilaterally negotiated and agreed upon, will provide no solution to this problem;

That only if quantities originating in notoriously low-wage areas be restrained within the limits of market tolerance and mutually agreed upon, can they be rendered compatible with Western competition in our domestic market;

That this approach toward a solution of the problem be further explored;

That in view of the evidence that the domestic industry adversely affected by foreign competition has been discouraged from capital outlays for new equipment, a more rapid depreciation writeoff be recognized as desirable for encouraging plant improvement; and

That among the studies to be undertaken for your committee be included studies comparing costs of standard types of apparel in the United States with costs in low-wage countries now supplying a substantial part of present imports.

Respectfully submitted.

NATIONAL KNITTED OUTERWEAR ASSOCIATION,
SIDNEY S. KORZENIK,
Executive Director and Counsel.

STATEMENT OF THE COMMITTEE FOR THE APPAREL INDUSTRIES

The apparel industries are gravely concerned over the rising influx of foreign-made apparel into the American market, especially from notoriously low-wage countries. The committee for the apparel industries seeks here to present the reasons for this anxiety. In doing so, it speaks in behalf of the many branches of this varied industry which are represented by the names that have been subscribed hereto.

The apparel industries represent a substantial segment of the American economy. The total value of clothing and accessories (except footwear) sold at retail is $22 billion yearly, nearly $14 billion at wholesale levels. The producers contributing to this total provide a livelihood for approximately 1.3 million men and women, whose annual total payroll is over $3.5 billion.

Though large in the aggregate, the apparel industry consists of numerous small units. There are about 31,000 manufacturing establishments in this field. The average plant has fewer than 40 production employees. Obviously, management consists of typically small businessmen, the kind whose survival has become a matter of general concern and whose preservation is an objective of national policy.

By usual American standards, there are no large organizations in this field—except the giant trade unions. The wage and labor standards in the industry are conspicuously high. It is these standards which are now under attack by the rising volume of foreign imports, especially imports originating in countries with substandard labor rates.

It is generally characteristic of the apparel industries that labor costs represent a high proportion of total costs, thus rendering them particularly vulnerable to low-wage competition. In a study of 19 manufacturing industries, showing what proportion compensation represents out of the gross product or total value originating in each industry, apparel ranked near the top, with 88.7 percent. Leather goods achieved first place by a lead of only 1.4 percent. At the low end of the scale were tobacco manufacturing, with 13.3 percent; food and kindred products, with 53.5 percent; chemicals, with 56.8 percent. (See study No. 17 titled, "Prices and Costs of Manufacturing Industries," by Charles L. Schultze and Joseph L. Tryon, prepared for consideration by the Joint Economic Committee, Congress of the United States, Jan. 25, 1960, U.S. Government Printing Office.) The foregoing does not, of course, take into account material costs. Here it may be noted that the materials used are acquired by foreign producers at costs substantially lower than in the case of the American manufacturer, thus reflecting the wage differential in textile processing and compounding the advantage of the producer abroad.

In some industries, mechanical improvement and enhanced productivity may make possible a reduction in unit labor costs despite high wage levels. But in the apparel industries, unit cost differences tend more closely to reflect wage differences. For, it is characteristic of the apparel group that there is little opportunity for automation or technological improvements. The equipment in use, chiefly cutting and sewing machinery, is relatively simple, represents no great capital outlay, is available to competing manufacturers abroad, and is commonly used by them. Consequently, domestic production advantages are not such as can substantially temper the radical disparity between the wages paid to the employee in the American apparel industry and those paid his counterpart in the Orient.

Low-priced foreign competition in apparel thus represents a direct assault upon American wage standards. Whatever advantages American producers may achieve, they cannot possibly compensate for the difference in the wages of the Japanese factory worker and the American apparel employee, who is paid 10 to 15 times as much per hour of work.

The apparel industries are, moreover, intensely competitive. Goods are priced on close cost calculations and commonly yield remarkably small margins of profit. In a special Dun & Bradstreet study, profits after taxes in the apparel industries, expressed as a ratio to net sales, are shown to be among the very lowest of 36 manufacturing lines. The median percentage of profit to sales in 1959 was 1.48 percent for men's shirts, underwear, and pajamas; 1.05 percent for men's and boys' clothing; 0.97 percent for knitted outerwear; 0.69 percent for women's coats and suits; and 0.36 percent for dresses. The year 1959 was a relatively good one for some of these branches of apparel. Five-year averages covering the period 1955-59 constitute a broader based index. They show that the margin for men's shirts, underwear, and pajamas was 1.15 percent; men's and boys' clothing, 0.95 percent; knitted outerwear, 1.18 percent; women's coats and suits, 0.86 percent; dresses, 0.46 percent.

Permit the volume of low-priced foreign imports to continue to expand in a highly competitive market, where profit margins are already as thin as the foregoing figures indicate, and the dangers to employer and employee in the apparel field are obvious.

These hazards run beyond the limits of the apparel industries. They are of direct consequence to the textile suppliers of the apparel industries. For, apparel manufacture represents the largest consumption of textile products. Entry of apparel produced abroad represents an equivalent displacement of American textile production.

The apparel industries are highly diversified. The particular impact of foreign imports on each of its branches deserves special study in each case and would run beyond the limits of this statement. Our intention here is merely to state the views of the apparel group as a whole and to present the committee with the following recommendations—

That quantitative limitation of imports from low-wage countries be studied as the means by which those countries may be permitted some access to our market, while according due protection to American employment, labor standards, and industry;

That your committee recognize that the textile problem is of a piece with the apparel problem and is in large measure inseparable from it;

That there be included within the scope of your further studies the problems of the apparel industry; and

That any new interagency committee established pursuant to your committee's recommendations undertake to study apparel as well as textile problems.

Respectfully submitted.

Sidney S. Korzenik, Counsel, in behalf of Boys' Apparel & Accessories Manufacturers Association, Leon M. Singer, Executive Director and Counsel; Corset & Brassiere Association of America, John C. Conover, Executive Director; Eastern Women's Headwear Association, Walter K. Marks, President; Infants' & Children's Coat Association, Joseph L. Rubin, Executive Director; International Association of Garment Manufacturers, Jules Goldstein, Secretary; Lingerie Manufacturers Association of New York, Jack Gross, Executive Director; Manufacturers of Snowsuits, Novelty Wear & Infants' Coats, Inc., Joseph Rubin, Executive Director; National Association of Blouse Manufacturers, Leonard Hammer, Executive Director; National Association of Shirt, Pajama & Sportswear Manufacturers, Max J. Lovell, Director-Counsel; National Knitted Outerwear Association, Sidney S. Korzenik, Executive Director and Counsel; National Outerwear & Sportswear Association, Jules Goldstein, Secretary; National Skirt & Sportswear Manufacturers Association, Melvin Kleeblatt, Counsel; Negligee Manufacturers Association, Jack Gross, Executive Director; Underwear Institute, Robert D. McCabe, Managing Director; United Infants' & Children's Wear Association, Max H. Zuckerman, Executive Director.

STATEMENT OF LAZARE TEPER ON BEHALF OF THE INTERNATIONAL LADIES' GARMENT WORKERS' UNION

This statement is submitted in lieu of a personal appearance in response to the invitation extended by Senator John O. Pastore to President David Dubinsky of the International Ladies' Garment Workers' Union. In a brief fashion this statement seeks to familiarize the subcommittee with some of the current problems facing the women's garment industry in which the International Ladies' Garment Workers' Union functions.

In the way of background, I would like to note that the industry producing women's and children's garments in the United States is one of the most highly competitive in the Nation. Most of the firms are family-owned. The average women's and children's wear factory employs only 36 production workers. Some firms, of course, do produce their garments in more than one plant. Nonetheless, the typical firm in this industry has an annual volume of slightly less than $500,000. Over 69 percent of the firms do less than $1 million a year, while less than 3 percent have sales in excess of $5 million.

Around 80 percent of the industry's work force are women for whom frequently there are few alternative employment opportunities. Establishments in the industry are concentrated in a relatively small number of urban centers where the garment industry provides a major source of jobs for the type of worker it employs, or else they are located in small scattered communities where not infrequently the garment manufacturing plant provides the only or key source of jobs.

The industry is substantially organized by the International Ladies' Garment Workers' Union. Its 452,000 members in the United States and Canada are engaged in the production of all types of women's and children's garments and accessories. Through its affiliates in some 350 communities located in 40 States of the Union, Puerto Rico and 5 Canadian Provinces, the International Ladies' Garment Workers' Union maintains collective bargaining relations with 121 employer associations and approximately 2,000 individual firms. In total, some 12,500 shops are under contract.

Competition in the industry is strong. The existence of a large number of small firms fosters continued rivalry for business. Each firm vigorously competes with others making the same product. At the same time it also faces a challenge from firms producing other types of garments. Thus, a company making dresses has to meet competition not only from other dress producers, but also from suits, blouses, sweaters, dickies, skirts, slacks, and other sportswear items.

The keenness of competition manifests itself in several ways. Business mortality in the industry is high, approximating 17 percent per year. Profit margins are nominal, and after taxes amount to around 1 percent on each dollar of sales. The wholesale price level for women's and children's garments remains today approximately at the same level as in 1947, immediately after the World War. This contrasts with the advance of 24 percent in the wholesale prices of all commodities during the same period and the rise of 33 percent in the prices paid by consumers for goods and services. The lack of price advance in the case of women's and children's garments (making them one of the best buys for the consumer) is all the more significant when it is realized that in the interim period, under the impact of collective bargaining, wages and fringe benefits advanced materially. The sweatshop and industrial homework, which once made this industry notorious, have long been banned from the industrial scene.

One of the key problems facing the industry is the inadequate growth of the American economy in recent years coupled with insufficient expansion in consumer purchasing power. To the extent that vigorous Federal policies will contribute not only to bringing the Nation back on the path to recovery, but also to spurring a healthy economic growth, both the employers and the workers of the women's and children's garment industry will benefit.

In the recent past, the industry has been subjected to an additional problem, caused by the competitive pressure of the rising tide of imports from abroad, particularly from substandard-wage areas. The rise in the level of imports of women's and children's garments can be seen from the following tabulation:

[Data in millions of dollars]

Year	Wearing apparel made of woven fabrics	Knit wearing apparel	Corsets and brassieres	Total
1953	$23.0	$16.0	$0.2	$39.2
1954	27.4	17.6	.3	45.3
1955	53.8	21.7	.4	75.9
1956	70.9	32.2	2.3	105.4
1957	76.9	32.0	3.6	112.5
1958	84.1	29.4	5.3	118.8
1959	140.8	41.9	7.0	189.7
1960 [1]	175.3	62.1	6.4	243.8

[1] Figures for 1960 are preliminary.

While the product classification used by the Bureau of the Census does not permit complete exclusion of some items of men's and boys' wear from the above figures, in the main the data do reflect imports of women's and children's wear from abroad. In the relatively short period of 7 years, as can be seen from these data, imports of women's and children's garments made of woven fabrics rose by 662 percent, imports of knitgoods by 288 percent and those of corsets and brassieres by 3,100 percent. On an overall basis, imports of women's and children's wear went up by 533 percent between 1953 and 1960. In this period, the female population of the United States rose by only 13.6 percent.

The rising imports of women's and children's wear creates a serious problem to the industry and its workers. Because the industry is highly competitive, and because its profit margins are nominal and its prices low, foreign competition based primarily on the payment of substandard wages (in comparison with the levels prevailing the the United States, taking account of productivity differences, if any) and low costs made possible by the use of industrial homeworkers and operation of sweatshops cannot avoid but have a disruptive effect on the domestic industry: it will increase the already high rate of business mortality and threaten labor standards and the jobs and livelihood of the industry's workers for most of whom little alternative employment can be found. The situation is presently aggravated by the lack of expansion in the number of needlework jobs in the United States. Thus between 1953 and 1960, the number of production workers in the entire apparel and other finished textile products industry declined from 1,102,900 to 1,090,400. Similarly, the work force in the women's outerwear, women's and children's undergarments and children's outerwear manufacture dropped from 490,300 production workers to 475,900, while knitting mills cut back from 215,200 to 198,100 production workers.

In the case of women's and children's garments, the rise in foreign imports does not occur because the prices of the American products are excessive or because of the suppression of domestic competition. In part, it was fostered by tariff reductions made to date. In part, the development occurred when a number of domestic entrepreneurs sought to evade the standards established by legislation and collective bargaining in the United States and began developing production resources in certain foreign areas for the sole purpose of gaining an unfair competitive advantage in the U.S. market. In effect what the domestic industry has to face from these attempts is equivalent to a "runaway shop" situation on an international scale. Not infrequently, such activities force an undesirable overexpansion of world industrial capacity leading to costly duplication of effort in the underdeveloped countries, since some of these entrepreneurs, judging by past history, tend to shift their operations to new areas under the least provocation, thus adding to the economic dislocation on an international scale.

The existing domestic capacity of the women's and children's garment industry is more than sufficient to take care of current and potential domestic requirements for its products. The competitive situation in the industry is such that the American consumer is fully safeguarded against any profiting at his expense by undue price increases. Any rise in competition from abroad, as a result of further lowering of tariffs on the products of this industry, is prone to result in increased unemployment of garment workers and dislocation of domestic production. For this reason the ILGWU urges that no further concessions in the going tariff rates be considered for negotiation at the forthcoming conferences regarding international trade and tariffs.

The International Ladies' Garment Workers' Union recognizes, of course, that international trade is a positive tool which can assist materially in raising living standards of workers throughout the world. That is why it supports the principles of the reciprocal trade agreements program. Nonetheless, it is concerned by special problems which are created by unfair competition based on the exploitation of excessively poor labor conditions which exist in some countries abroad. For this reason, it believes that another look needs to be taken at international trade relations which would recognize that while trade needs to be liberalized, it cannot remain unregulated, and that domestic labor standards need not be put in jeopardy.

In a resolution adopted by the general executive board of the International Ladies' Garment Workers' Union, on January 27, 1960, a number of recommendations were made for a different approach to a long-term solution designed to place foreign trade on a fair and equitable basis. Specifically, the board recommended—

1. That U.S. Tariff Commission be given the power to determine the historical levels of domestic production for specific products with annual adjustments for our population growth;

2. That the level of domestic consumption for each year be similarly determined by the Tariff Commission;

3. That foreign imports in quantities representing the difference between the domestic consumption level and historic domestic production level be

permitted to come into the United States at normal duty rates or at lower rates negotiated through GATT;

4. That foreign imports in excess of such difference be subject to much higher duties designed to equalize domestic and foreign costs, including labor costs; and

5. That foreign imports which come from substandard areas in terms of the standards of the importing countries be subject to the higher duties at all times.

Such a reformulation of the foreign trade policy, the board noted, "will provide a basis for improved trade relations with foreign producers, would encourage the raising of the wage standards in foreign countries, and place foreign competition on a fair and equitable basis with U.S. employers."

The board also noted that "the subsidies now granted on exports of American cotton and cotton products, even though justifiable as a spur to our exports, are not justified when such cotton or cotton products are used in making of garments reexported by foreign nations to the United States. In such imports to our shores, the amount of subsidy should be added to appropriate custom duties."

Such legislation would provide for a safeguarded level of domestic production while keeping intact the constructive features of the present reciprocal trade program. Foreign producers would be free to compete in the U.S. market for a share of the Nation's increased consumption.

At the same time, the recognition of foreign wage levels as a guide for setting tariff rates applicable to surplus imports would make it possible for foreign producers to improve their workers' wage standards without increasing the landed cost of their products in the United States. Higher wages abroad would be offset by lower duties here.

STATEMENT OF BERNARD L. HOHENBERG, SECRETARY TREASURER, HOHENBERG CO., INC., NEW YORK, N.Y.

(Brief suggesting that the problems facing the American textile industry are to be found in other causes than imports)

Our corporation and its subsidiaries, of which the writer is secretary-treasurer and chief executive officer, are selling agents and importers for many years for a number of Continental European and British spinning plants producing yarn both on the woolen and worsted system.

In addition, our wholly owned subsidiary, Hobron Spinning Corp., has owned and operated until last year, a worsted spinning plant in the State of New Jersey. Prior and since that time we have been producing substantial quantities of both woolen and worsted spun yarns in the United States through the intermediary of commission spinners.

We feel, therefore, that we are in a position to shed some light on the "problems of the textile industry in the United States especially with reference to the production of yarns on the woolen and worsted system.

No doubt, during the current hearings, the biggest blame for the problems confronting the U.S. textile industry will be laid on the doorstep of import competition.

Were these to be eliminated, so the saying goes, all the problems of the industry would vanish into thin air overnight and a golden or rosy future, or even present, would be assured.

If this thinking were to apply only to a public relations effort on the part of the industry, matters would be very simple indeed.

This delusion apparently has gone much further than a public relations effort of the industry and in order to blame imports for all the ills of the industry, the very basic problems confronting the industry are readily or conveniently forgotten.

In forgetting these problems, or in the omission of facing them squarely, the American textile industry is thereby perpetuating their own problems, which as we will try to show to the committee, have their causes not at all in the so-called, import situation.

One only has to, like the writer does, read our trade papers on a day-to-day basis to find the tremendous amount of effort that the industry devotes to the import situation, whether these represent one-tenth of 1 percent, or 1 percent, or 5 percent, or 20 percent of the domestic production in whatever field they may be and how little else is discussed as far as other problems are concerned.

It is like a pleasant parlor game to use imports as a scapegoat.

We cannot speak in a detailed sense for any other part of the textile industry except the one that we are concerned with ourselves, namely the woolen and worsted spun yarn industry.

However, we feel that because we are both importers as well as domestic producers, we can at least realize the difficulties arising to the domestic industry due to imports in our particular field, and the difficulties in the industry due to causes which have absolutely no relation to imports whatsoever.

Certain types of products, in our segment of the industry, are not affected by imports in any manner, yet in these products the same ills that beset the industry in other fields are just as apparent, although to the members of our industry who, by now, are used to operating under conditions as they exist, these may not quite appear as ills.

To an unbiased outsider not so influenced by the historical sickness, these ills would appear to be—

1. Cutthroat price competition.
2. Practically impossible delivery time requirements.
3. Completely inefficient utilization of plant and equipment due to the above-mentioned points.
4. Impossibility of long range planning.
5. Completely insufficient return on manufacturing and merchandise risks taken.
6. Completely insufficient return on capital investments.

The causes for this situation are manyfold; they are both historical and factual.

The reasons are far too many for this brief to enumerate except to state, in a very broad sense that—

A. From the historical point of view the textile industry is of a type that could attract firms with limited capital means. This consequently weak general structure carries with it excess productive capacity, obsolete equipment and creates a financially weak customer structure.

B. From a factual point of view consolidation, mergers, and large combines are created with the sole aim of knocking out, swallowing up, and liquidating the remaining independent textile operations. In order to do this, an undeclared war has developed with the subsequent results enumerated above.

The examples of this are manyfold. However, we will cite here only one of the most telling examples but this could be multiplied 100-fold every single business day through the various actions of the industry, and gives credence to the above-mentioned statement.

The example we would like to quote was an invitation to bid by the U.S. Army Quartermaster Corps for 1,728,000 yards of 10.5-ounce tropical wool cloth, blue-84, per specification Mil. C–21115A.

This bid was requested on June 8, 1960, and was opened on August 11, 1960, for the public record, under MC and TSA QM80.

In this particular bid for a cloth, rigidly controlled by the Quartermaster Corps as to grade of wool, yarn, size, and quality of weaving and finishing, bids ranged all the way from $2.10 per yard to $3.4712 per yard, a difference of over 60 percent.

These were not isolated cases of differential, as the bids of the 16 bidders ranged all over the price difference (tens and hundreds of cents omitted): $2.10; $2.11; $2.29; $2.31; $2.48; $2.57; $2.65; $2.70; $2.71; $2.80; $2.97; $3.05; $3.10; $3.17; $3.23; $3.47. The bids are public record and naturally available to the committee.

These show that large firms, which were the creations of the above-mentioned causes clearly wage an undeclared war on the independent producers.

We are sure that the independent producers (some of which are located in the New England area) were just as interested in obtaining a share of these orders and were bidding on a cost plus reasonable profit markup.

We are certain the committee could receive testimony from expert witnesses to show that no modern machinery nor higher workload nor more efficient production methods could make up for a price differential of over 60 percent for rigidly controlled qualities as required in this bid.

We, being somewhat familiar with the matter involved are quite certain of this fact and there was no import competition involved in this particular bid. There was only a domestic fight to the finish in a similar manner as it is involved on a day-to-day basis in hundreds of aspects of our industry.

ITEMS COMPLETELY UNAFFECTED BY IMPORTATION

We have mentioned above that there is a number of items, in our own particular field, which are completely unaffected by import competition yet show the same tendencies as outlined in the example just given. We would like to cite a few examples:

Quarter-blood knitting yarns

These yarns utilized by the American knitted outerwear industry as well as by a certain section of the weaving industry manufacturing sportswear fabrics, are spun from domestic quarter-blood wools usually in grades 50/56s, generally in size 2/20s worsted count.

The types of wool involved are eminently suitable for spinning on the Bradford spinning system, or in later years these yarns were spun on a modified Bradford or American system which eliminates a number of stages of drawing or preparation prior to spinning and thereby somewhat reduces the cost of production.

We are qualified to speak of these yarns as production in our plant in New Jersey was primarily concerned with these and we also have been producing these yarns on commission basis in large quantities or have been purchasing them outright.

Our costs of producing these yarns on a modified Bradford system (actually American system preparation and Bradford spinning frames) including direct labor and factory overhead was 43 cents per pound.

This based on an average labor cost of $1.40 hour wages, one of the lowest averages in the American market.

To this one has to add, in calculating the selling price, a waste factor (based on 95 percent yield including recovery), the usual sales discount, general financing charges, and selling costs, a total of approximately 8½ percent of the selling price or 16 cents per pound.

We therefore find a conversion cost for this type of yarn from top to yarn, without any profit to the mill, of 59 cents per pound.

Todays prices for top suitable for this yarn is $1.33 to $1.35 per pound, with the possibility of purchasing the same at an average of $1.32. This brings the cost of this yarn to $1.91 per pound.

For the information of the committee, these yarns are being freely quoted in the New York market at $1.85 per pound and we ourselves have purchased a substantial quantity from a large spinner outright at $1.82 per pound giving this spinner a conversion over top of 49 to 50 cents. Our own cost, without profit, in conversion would be a minimum of 59 cents.

Assuming that a large producer can operate more profitably than a smaller one (which incidentally is very doubtful when all factors are considered), it still will be absolutely no room for—

(*a*) Return on commercial risk involved in this transaction,

(*b*) Return of fixed capital investments,

which to any unbiased outsider and by all standards of economy should be existing in order to conduct a healthy business. In this particular case, it is less than zero plus an actual operating loss of 5 percent. There is no import competition involved in this case.

Jersey knitting yarn

In this field, which is rapidly developing, yarns utilized are usually spun on the American system from either a domestic fine Merino-type wool or from blends of domestic and imported Merino types usually in what is called a 64s grade, size 1/26. The cost of producing these yarns, unless the mill is specifically set up for these types, is somewhat in the vicinity of 35 to 40 cents for direct labor and factory overhead.

These yarns are being freely offered at $2.08 per pound in the New York market and we have heard of quotations as low as $2.05 per pound.

The tops suitable for this yarn are offered in the market today at between $1.60 and $1.62 per pound, giving the spinner about 44 to 46 cents per pound over top which has to include direct labor and factory overhead, yield, selling discounts, and selling costs as well as financing costs. These figures should be 52 to 57 cents without profit or capital return.

An excellent example to show the results of the above is the following:

The very cheapest foreign yarn, for example, of 1/26 would land in this country at $2.41 per pound, yet prices of the domestic product are such so as not to permit a reasonable return on the product in question.

We have mentioned that wool jersey fabric is a rapidly expanding industry. This does not refer to regular jersey fabric but to a new type which is known as double jersey in which high-count two-ply yarns were utilized, giving promise to segments of the domestic worsted spinning industry of reasonable prices on the products to be employed.

However, the lure of completely underpriced single yarns were too great a temptation to the manufacturers of this new fabric and, in spite of the disadvantages of using single yarns and difficulties involved in producing a fabric from regular jersey yarns, great efforts have been made to utilize these in 1/28 and 1/30s count, with the subsequent price battle, so that the hopes of reasonable priced products for the industry have gone out of the window and those very substantial firms used to operating on next to no margin on 1/30s jersey yarns are benefiting by obtaining this additional share of business.

Spun synthetic knitting yarns

A very large volume of spun acrylic knitting yarns are being utilized by the domestic knitted outerwear industry. The story in this particular field is identical to the one we have stated above.

The conversion prices over toe or top have dropped steadily through the years, which apply to Turbo as well as blended staple qualities so that they represent no longer any reasonable profit margin to the producers. There is no import competition involved in these cases.

Current tariff rates protect the domestic spinners fully

There are, of course, certain products especially in the speciality yarn field where imported yarns can compete with domestic production, but it will be the contention of this brief to show that domestic spinners are fully protected by the existing import tariffs.

The following will show that the current duty rates of 30 cents per pound specific duty, plus 15 percent ad valorem under tariff paragraph 1107 of the Tariff Act of 1930, for yarn "wholly or in chief value of wool," fully protects the American spinner even for products in which there is a chance for foreign yarns to compete in this market.

This protection not only extends for any differential in labor costs of American spinning plants and lower labor cost in foreign spinning plants but also to the differential of labor and overhead. This is especially true since the 15 percent ad valorem is assessed not only on the labor cost involved but also on the usually very expensive raw material from which these speciality yarns are being manufactured.

Comparative labor cost by United States and Belgium producers

As we are associated with a Belgium woolen spinning plant and we are fully familiar with the costs involved to us versus the costs involved to a comparative American plant, we will use as an example the currently very popular knitting yarn in single 5-run 20 percent Angora, 70 percent fine lambswool, 10 percent nylon fiber.

In order to establish this, we shall take as an example wages paid to a spinner in our mill in Verviers, Belgium, and compare them to wages paid to a worker similarly employed in this country. This example applies to most other production workers employed in the mills.

The wages paid in our mill in Verviers, Belgium, are 40 Belgian francs plus 40 percent social charges and fringe benefits per hour, which represents 80 dollar cents plus 32 cents, or a total of $1.12 per hour.

The wages paid to a comparable worker in the New England area are approximately $1.70 per hour plus 14 percent fringe benefits for a total of $1.94 per hour.

The figures cited for our mill are the same for all Belgian spinners since the syndicate (union) is nationwide. The above figures indicate that American wages are about 1¾ times those in Belgium, or wage ratio of 1.73.

This however, does not tell the whole story. The workloads with which we are concerned per worker are considerably higher in the United States per worker than in Europe, compounded by the fact that although our mill is equipped with some of the most modern equipment, these workloads are not adjusted for modern machinery as the mills are reequipped. As an example, it takes the employment of 4 Belgium workers for 840 spindles while in American mills a similar number of spindles would be served by 2½ to 3 workers.

We therefore see a 33½ percent differential in workload, which in turn will bring the direct labor to approximately 1.5 differential. In other words, direct labor costs in American plants are approximately 50 percent higher than those in comparative mills in Belgium.

Since the workload situation may vary from mill to mill, we shall use a figure of 73 percent labor differential in our further calculations.

We, first of all, must bear in mind that with minor exceptions in the carded woolen industry, the costs to produce a pound of yarn is nearly the same whether the yarn is made from a cheaper or very expensive raw material. Obviously, there are some differences in costs of production when special care is being taken while handling expensive raw material such as Angora rabbit hair fiber, but these differences are of a minor nature and still permit us to use the same factor as indicated above.

Applying the wage differential shown between Belgium and the United States maximum, we find the following:

	Belgium	United States
Direct hourly wage rate per spinner: Wages.....per hour..	1.12	1.94
Cost of producing 1 pound of 5⅛ run angora blend yarn:		
Direct labor.....cents..	23	40
Direct labor plus overhead.....do....	46	80
Differential cost of Belgian mill and maximum American manufacturers cost:		
For direct labor: approximately 17 cents per pound.....	.....	.....
For labor and overhead: approximately 34 cents per pound.....	.....	.....

If we will bear these two figures in mind, we must now come to the following calculation:

The average f.o.b. value for the above yarns in question is approximately $3.10 per pound. The 15 percent ad valorem duty assessed on these yarns amounts to approximately 46½ cents per pound.

We find that a 46½-cent ad valorem duty protects the domestic spinners of this yarn from direct labor differential of 17 cents per pound, or a total labor and overhead differential of 34 cents per pound. We find, therefore, that the domestic manufacturer was not only protected to the amount of 100 percent of the differential in labor and overhead but also actually protected for approximately 140 percent of the differential in labor and overhead or no less than 275 percent of the direct labor differential involved.

It is therefore obvious that any problems arising to that segment of the industry must be found in other reasons than lack of protection by the existing tariffs.

(As an incidental proof of the above figures for f.o.b. value and subsequent 15 percent ad valorem as indicated above, we would like to cite the Bureau of Customs figures for importation of woolen yarn under paragraph 1107 for the year 1959 for Belgium.

These show an importation during that year of 980,000 pounds, with an f.o.b. value of approximately $4,189,000, showing an average f.o.b. value of approximately $4.16 per pound, with the subsequent ad valorem duty of 62 cents per pound.

The total imports of yarns under paragraph 1107, "Yarn Wholly or in Chief value of Wool" for all countries of the world for the year 1959 amounted to 5,027,456 pounds with a total value of $14,446,694, showing an average f.o.b. value of $2.90 per pound, with a subsequent ad valorem duty assessed at 43½ cents, which therefore fully covers the above-mentioned calculation of showing substantial overprotection to the American industry.

DOMESTIC WOOLEN AND WORSTED SPINNING INDUSTRY NOT IN DANGER FROM IMPORTATIONS OF YARNS

We would also like to raise the fact that the importation of all yarns, wholly or in chief value of wool does not represent any danger to domestic woolen and worsted spinning industry.

We wish to point out to the committee that the total importation of yarns under the chief value of wool into the United States during 1959 totaled approximately 5 million pounds.

The Bureau of Census does not give figures as to the production of woolen and worsted spun yarns in the United States. They do, however, give consumption figures of the amount of wool and byproducts employed by the domestic woolen and worsted spinning industry.

These showed the following for the year 1959:

	Million pounds
All types of fibers employed by U.S. carded woolen industry (approximately)	352
Wool tops manufactured for U.S. worsted spinning industry (approximately)	143
Total	495

The committee is probably well aware of the fact that domestic worsted industry have also employed very substantial quantities of synthetic fibers for blend yarns in the chief value of wool.

According to the census figures for 1959, we find:

	Million pounds
Synthetic fibers employed by U.S. worsted industry (approximately)	47
Total fibers employed by U.S. woolen and worsted spinning industry (approximately)	542

We therefore find that importation of yarn, wholly or in chief value of wool, being approximately 5 million pounds out of a total of approximately 542 million pounds produced by the domestic worsted and woolen industry amount only to less than 1 percent (0.89 percent) of the domestic production of the U.S. woolen and worsted industry.

CONCLUSION

In conclusion we would like to say that in viewing the problems of the domestic textile industry as far as woolen and worsted yarn spinning section of it are concerned, these problems have not arisen due to importations nor have importation of yarns caused injury to the industry. The reasoning for it is as follows:

1. The quantities of yarns spun on the woolen and worsted system imported into the United States represents less than 1 percent of domestic production.

2. The domestic woolen and worsted spinning industry is fully protected by the existing tariff under paragraph 1107 in as much as we have shown that these protect the domestic industry. In many cases over twice the differential in direct labor costs involved.

3. The domestic industry because of a situation created by its own actions has, especially with regard to impossibly short delivery times, multiple yarn types, constant changes, etc., a tremendous advantage over many foreign mills in that flexibility is given by the physical location of the plants within this country.

It is our contention that the problems facing our industry must be attacked with a hard-headed sense of responsibility and understanding of the underlying problems without trying to find an escape in a convenient "scapegoat" blaming importations for these problems.

The problems which are existing must be honestly faced on the part of the industry to truly view the problems facing us in the proper perspective and by using every effort to overcome them, not only through technological advances but rather through a sincere effort to create a healthier business climate within the industry itself.

Respectfully submitted.

BERNARD L. HOHENBERG,
Secretary-Treasurer.

Sworn to and subscribed before me this 10th day of February 1961.

[SEAL]

ISRAEL FOGEL,
Commissioner of Deeds, City of New York.

Commission expires April 7, 1961.

STATEMENT OF EMILE A. BENOIT OF THE FRENCH WORSTED CO., WOONSOCKET, R.I.

The French Worsted Co. of Woonsocket, R.I., is among the largest independent worsted yarn spinners in the United States and has its combing equipment to make wool tops which are then converted into worsted yarns. The French Worsted Co. employs 725 persons in its two Woonsocket plants and is among the last of the French spinning mills in this country. The French Worsted Co. and its customers are plagued by the great amount of imported wool tops, worsted yarns and worsted cloth and garments that are coming into this country. Woonsocket can be classified as a distressed area, as there is a great deal of empty floor space, a great deal of unemployed textile people. Former skilled textile people must travel long distances to obtain employment in other areas or are unable to obtain any work because of age, skills, etc.

Because of the alarming import situation, we are appearing before this committee to plead and to present some thoughts about imports and how they are affecting us in our industry. It is virtually impossible for us and other domestic mills to complete with the low-priced material that is being offered by imports of worsted yarn and worsted cloth. Throughout Rhode Island, many textile mills are running 50 percent or less. Their skilled employees are out of work or looking for employment elsewhere. With the high cost of living, no one has to be told how difficult it is for these people to live on unemployment compensation checks. Because of the seasonal nature of textiles, in addition to being plagued with these imports, many textile employees have not had an opportunity to accumulate any financial reserves and are living from day to day. This is not a happy situation for these employees. We feel that it is the responsibility of the lawmakers of this country to do all they can to protect the industries that provide employment to these people.

We have some statistical information that in 1954 the United States of America produced 126 million pounds of worsted top whereas Japan produced 82 million pounds. In 1960, the United States produced 105 million pounds which is 21 million pounds less than 1954, whereas the Japanese have produced 217 million pounds which is an increment of 130 million pounds per year over the 1954 figure. This indicates the tremendous textile growth the Japanese have had, and while the U.S. population has been increasing, the domestic wool business has been decreasing as outlined in Senator Pastore's very comprehensive and highly commendable report.

In a national emergency, the textile industry is of primary importance. If the United States of America were to become engaged in a global conflict of any kind whereby it would be necessary to clothe their expended Armd Forces and supply some allies, this would be virtually impossible with our current textile productive capacity. It seems that the textile industry, next to the agricultural industry, is the second oldest in the world, and it doesn't seem fair that the State Department or the congressional leaders should see fit to sacrifice this industry's productive capacity.

The representatives of the textile industry have been complaining about imports for 5 or 6 years now, and the problem is getting increasingly greater. Until such time as the question of tariff is taken out of the hands of the State Department and given back to the congressional representatives where it would be possible for constituents to exert pressure, we cannot see any relief. We appreciate the fact that the questions of exports and imports is a very broad one and is not one that can be resolved very quickly: however, there are many thing to be done to remedy some of these textile industry problems, and hope that it will be possible to execute some measures that will start some relief and as soon as possible.

I would like to suggest some of the things that should be worked on, such as a quota in each category of textiles even if the categories are numerous so that each industry affected by imports would not be sustaining the brunt of all the imports. Among the categories affecting the French Worsted Co. would be the importation of wool tops, worsted yarns, worsted cloth, and worsted garments. If these were imported into this country on a category quota basis, then it would be possible for our segment of the textile industry to anticipate what might be coming and therefore we could plan our productive capacity accordingly. We feel that many industries in the United States are being subsidized directly or indirectly by the Government, and thought that if duties were lifted on imported wools that come into this country, which advantage is being enjoyed by most other countries, it would help reduce the material cost of the foreign wool, which we must import anyway because our domestic

wool production is only one-third of our national requirements. We know that the domestic woolgrowers need price protection against the flow of lower foreign imported wools. It might be that subsidies should be given the woolgrowers so that the woolgrowing industry could be expanded so long as it was encouraged with subsidies. These subsidies would be the responsibility of all the American taxpayers. As it is now, the tariffs that we pay to the U.S. Government for imported wool is a contribution toward the support of the woolgrowers.

Because of the high cost of doing business in this country due to the high standard of living, it is exceedingly difficult for any textile mill to be running on a curtailed basis for too long a period without sustaining serious financial losses. In the reciprocal trades agreement, there are provisions for the escape clause which has never been used very effectively as far as restricting the importations of textile apparel and fabrics and allied components. We hope that the present administration of President Kennedy might be more sympathetic to the textile industry. As we recall, in his acceptance speech for the presidential nomination for the Democratic Party, he addressed the unemployed persons of the textile industry. At the moment, some of the worsted weaving mills are compelled to buy imported yarn rather than use their own spinning equipment to make these yarns because of the lower imported yarn prices.

As we outlined above, the Australian wools can be bought by foreign countries at a lower price than we can purchase them, and therefore, it is practically impossible for some weavers who have their own spinning mills to make these yarns themselves. The price differential is so great that they must buy imported yarns to compete with other weavers who are importing the yarns. We know by category that the 65 percent of the fine yarns used in this country are now imported. The fine count business was formerly an important segment of the French Worsted Co.'s business. We are doing very little in the fine count business because the imports have taken this business away. If the fine count business had been restricted to 5 or 10 percent of our use, this category would have made it possible for the French Worsted Co. and many of his competitors to keep many currently idle spindles running as these fine counts are yarns that are slow producing, but would contribute substantially toward overhead in between seasons.

There will be a great deal of lobbying going on in Washington regarding the defense of various groups affected by imports, and hope that they can be of some assistance to the committees that are anxious to help this stricken textile industry. The problem of imports is getting a great deal of publicity, and there is a great deal of commentary coming from all segments of the economy, including labor leaders, management, manufacturers, and from American housewives.

We appreciate the necessity of exporting and importing closely in balance, but at this point, we feel that the textile industry and its allied industries are absorbing more than their share of imports. Since the State Department has the power to administer the tariffs, and unless something can be done about removing this power from the State Department, it seems to us that the State Department should encourage these countries, such as Japan, France, Hong Kong, England, and Italy to rebuild their economy in various industries other than expanding their textile industry to export to the United States. Evidently, their idea of exporting to the United States is a lucrative idea, bu they should be told that it is only a temporary condition. Sooner or later, the United States will be saturated with imports and their market will be diminished. It would be better for these countries to develop and expand their economy in other industries. If we must take in imports, we should be very careful to see that imports are spread among a great many products, not just textiles and apparels.

The problem has a great magnitude and will not be readily solved; however, it is important that the lawmakers of this country and other countries get together and see that some protective measures are instituted. I wish to thank Senator Pastore who has rendered a tremendous service to the textile industry in his unceasing efforts to present the many recommendations in the Pastore committee report. If there were more devoted Senators and Congressmen as Senator Pastore, we would feel more comfortable about the future of the textile industry in this country. We hope that these hearings plus all the other publicity given imports will ultimately help correct this measure so that the textile industry may be allowed a normal rate of growth, proportionate to the growth of the American population.

Very truly yours,

EMILE A. BENOIT.

FEBRUARY 2, 1961.

My name is Arnold Zavell. I am president of Wyoming Mills Corp. of Wilkes-Barre, Pa. We have been a silk manufacturing company for over 40 years and under the present management for the past 11 years. Many of our employees have been with the plant for 25 to 30 years. At the present time, approximately 50 percent of our people are unemployed and the percentage will get larger in the near future. There also exists the possibility of closing the plant down completely and going out of business. Wilkes-Barre is a distress area and has been so declared by the Government. Hess Goldsmith, a textile manufacturer employing 700 people, will close down permanently within 3 months putting all of their people out of work.

If the unbridled competition from the flood of Japanese silk piece goods being imported into this country is not curtailed, there is every indication that we will have to close down our silk mill and add an additional 200 people to the unemployment rolls.

The following table shows the decline of the domestic production of silk piece goods and the unbelievably fantastic increase in Japanese imports from the years 1955 to 1959.

Japanese imports versus domestic production—Pure silk fabrics

[Millions of square yards]

	1955	1956	1957	1958	1959
Domestic production	31	30	22	18	25
Japanese imports	14	23	32	42	67

In 1955 Japanese imports represented 27 percent of our production.

In 1959 Japanese imports represented 217 percent of our production.

The cause of this unfair competition is the unrestricted importation of silk piece goods from Japan and our unrealistic tariff policies. Some silk qualities come into this country at a landed price of $2.50 per yard that we could not produce at $3.25 per yard. On other qualities, the price differential is smaller. However, even if the price differential was as small as 1 cent a yard, the American manufacturer would lose the business to foreign competition. Our tariff must be raised so that foreign qualities come into this country at at least a price that they can be produced for in this country.

Textile wages in Japan are about one-tenth of the textile wages in the United States for the same work. If our tariff did what a tariff was supposed to do, we would not be confronted with the situation that exists today.

At the present time, finished silk piece goods are permitted to be imported into this country at a rate of 22½ percent duty and raw unfinished goods at a rate of 30 percent duty. These duty rates, and even much higher duty rates if granted by the Tariff Commission and the President, should be reversed so that at least the unfinished raw piece goods would give American labor an opportunity to put these unfinished raw goods into the finished state. We cannot understand this illogical discrimination against American labor in favor of foreign labor.

The original Tariff Act of 1930 provided for a rate of 55 percent whether finished or unfinished on the classes of silk merchandise mentioned above. Since then, through international treaties and GATT negotiations granting concessions on silk fabrics at which American silk manufacturers were not allowed to be present while representatives of foreign silk manufacturers were allowed to be present at the GATT negotiations, the protection of the American silk industry is now completely nonexistent.

The present rates of duty are 22½ percent for finished goods which includes all labor and makes the material ready to be cut into garments. The 30 percent for unfinished raw piece goods is of no consequence for the simple reason that no one will bring in unfinished goods to which American labor has to be added to turn the goods into finished piece goods and also at a higher rate of duty.

These large tariff reductions were made in 1955 and prior years. The concessions were made primarily to help France and other European countries manufacturing high-priced silk piece goods. It was not intended for the Japanese silk piece goods and other Far East countries. Prior to 1955, Japanese imports of silk fabrics were insignificant and were not an important fac-

tor in our market. However, it did not take long for the Japanese to realize that a bonanza lay ahead for them and decided to exploit the American market because the same duties would apply to them as would apply to imports from the European market, and they have since flooded our market as the tables and statistics show. The result is that the American silk manufacturing industry is being destroyed and it is just a question of time before it will be completely eliminated.

If the tariff rates were doubled or even tripled and the flow of Japanese silk piece goods stopped, we would tremendously increase our importation of Japanese raw silk. The Japanese would get their dollars plus additional dollars for increased importation of Japanese raw silk and we would then once again be able to have full employment and even additional employment in order to manufacture, dye, and print silk piece goods in this country to replace the Japanese piece goods.

If the silk manufacturing industry in the United States is to survive, we must get relief without delay. The silk industry made great contributions to our war effort by weaving tremendous quantities of silk parachute cloth.

We do not feel as though we should be expendable because we are a small industry and cannot put up as good a fight to protect ourselves as the other larger industries in this country.

The drain on the almost exhausted unemployment insurance funds would come to a halt.

Attached is a table of vital statistics showing the picture up to 1959. The 1960 figures are not yet available and they are decidedly worse for the American silk manufacturers.

I appreciate the opportunity to present these facts that are so vital and important to the survival of the American silk industry, which can only continue if the tariff rates are doubled or tripled and very stringent quotas imposed so that we may survive.

	1955	1956	1957	1958	1959
	Millions of yards				
Domestic production: Pure silk	31	30	22	18	25
Japanese imports: Pure silk	14	23	32	42	67

	1955	1959	Percent change
	Millions of yards		
Domestic production of silk fabrics for 1955 and 1959: Pure silk	31	25	−19
Imports of silk fabrics from Japan 1955 and 1959: Pure silk	14	67	+379
Ratio of imports of silk piece goods from Japan compared to domestic production	*Percent* 27	*Percent* 217	----------
	Millions of pounds		
Raw silk imports to United States for 1955 and 1959	7.7	6.1	−21
	Number of looms		
Domestic looms operating on silk and silk mixtures at end of 1955 and 1959	4,091	3,105	−24

	1955	1958	Percent change
	Number of companies		
Domestic companies reporting production of silk and silk mixtures in 1955 and 1958	98	71	−28

BOSTON WOOL TRADE ASSOCIATION,
Boston, Mass., February 7, 1961.

Hon. JOHN O. PASTORE,
Chairman, Subcommittee on Problems of the Domestic Textile Industry,
Committee on Interstate and Foreign Commerce,
Senate Office Building, Washington, D.C.

DEAR SENATOR PASTORE: On behalf of the Boston Wool Trade Association, the National Wool Trade Association, the Philadelphia Wool and Textile Association, the New York Wool Trade Association, and the National Wool Marketing Corp., I enclose herewith and request inclusion in the record of your current hearings an exchange of correspondence between President Kennedy and me during the recent campaign concerning the textile import problem.

The enclosed letter shows President Kennedy's familiarity with textile problems and his acceptance of the fact that country and category quotas may well be required.

Respectfully,

RICHARD I. GOODRICH, *President.*

BOSTON WOOL TRADE ASSOCIATION,
Boston, Mass., September 26, 1960.

Hon. JOHN F. KENNEDY,
Senate Office Building, Washington, D.C.

DEAR SIR: The Boston Wool Trade Association, National Wool Growers Association, National Wool Marketing Corp., National Wool Trade Association, Philadelphia Wool and Textile Association, and New York Wool Trade Association are deeply concerned over the continued deteriorating condition of the woolen and worsted, carpet, and other wool-consuming industries in the United States.

Members of the above associations are wool growers, wool cooperatives, and dealers and brokers in raw wool for sale to the above industries, who are their only customers, and on the prosperous operation of these industries depends the future of our wool business.

Just this month, two more large wool-manufacturing operations in Massachusetts—Berkshire Woolen and Bachmann-Uxbridge Worsted Corp.—have closed their doors. Unless industry conditions improve, other mills will be following in their footsteps. The U.S. wool textile industry is unable to compete with the unfair competition from low-wage-scale countries, as is painfully apparent from the following figures:

	Square yards
Imports of woolens and worsted in 1959	46,600,000
Imports of woolen and worsted 1st half of 1960	43,700,000

This 43,700,000 is a 31 percent increase over the first 6 months of 1959 and is equal to 21 percent of the woolen and worsted production in the United States for the first 6 months of 1960.

These ever-increasing wool imports are in spite of the Presidential invocation of the Geneva reservation every year since 1957. Even the 45 percent ad valorem under the Geneva reservation is insufficient to stem the flood of imports.

Country by country quantitative quotas, and under this, quantitative quotas of categories of fabrics, is believed by the industry to be the only solution until complete tariff review and adjustments are made which take into consideration current conditions.

Wool is raised in every State of the Union, and over 3,000 counties of the 3,068 in the United States are interested in either wool production, wool manufacture, or both. This makes it a nationwide problem.

As candidate for President, we consider it paramount that you plainly state your position on this issue of the campaign, which is the most important one to us. Profits of industry—jobs and wages of our workers—are in jeopardy.

A duplicate of this letter is being sent to your opponent. Replies received will be publicized so that those whose livelihood and economic future now so seriously threatened will have a guide as to their decision in November. This issue transcends party politics, and the candidate who clearly understands the situation and is prepared to do something constructive about it deserves the support of the industry.

Very truly yours,

———— ————,

JOHN F. KENNEDY FOR PRESIDENT,
Washington, D.C., October 13, 1960.

Mr. RICHARD I. GOODRICH,
President, Boston Wool Trade Association,
Boston, Mass.

DEAR MR. GOODRICH: Thank you for your thoughtful letter of September 26 regarding the serious problems confronting the wool-consuming industries of the United States.

Like you, I am most concerned with these problems and feel that a broad reassessment of our policies is required. Certainly, experience has demonstrated that there must be a better distribution by type of low tariff imports, if necessary utilizing category quotas. What the next President can and must do regarding these problems must necessarily await the outcome of the renegotiation of the Geneva reservation. Country quotas, whatever their disadvantages, have the merit of contributing to stable and orderly trade in the wool industry and, depending on the renegotiation, may well be required.

I appreciate the opportunity to discuss this issue with you and believe you may be interested in the enclosed copy of a letter I recently wrote regarding textile imports generally.

Sincerely yours,

JOHN F. KENNEDY.

AUGUST 30, 1960.

Hon. ERNEST HOLLINGS,
Governor of the State of South Carolina,
State Capitol Building, Columbia, S.C.

DEAR GOVERNOR HOLLINGS: I would, of course, be delighted to discuss with you and with textile industry leaders the problems of the textile industry and the development of constructive methods for showing the growth and prosperity of the industry in the future. The critical import situation that confronts the textile industry which you so eloquently describe in your letter is one with which I am familiar. My own State of Massachusetts has suffered and is suffering from the same conditions. The past few years have been particularly difficult for this industry. There seems to have been a basic unwillingnes to meet the problem and deal constructively with it. During the first 6 months of this year imports of cotton cloth are twice what they were during the same period in 1959, the highest year on record. Similarly alarming increases are occurring on other textile and apparel products. Since 1958 imports have exceeded exports by constantly increasing margins. There are now 400,000 less jobs in the industry than there were 10 years ago. It is no longer possible to depend on makeshift policies and piecemeal remedies to solve the problems which the industry faces.

As you know, I supported the establishment of the special Senate Subcommittee for the Textile Industry, under the chairmanship of Senator Pastore, of which Senator Strom Thurmond is a member. In an effort to help develop suggestions to improve the competitive position of the industry in the United States and world markets, this subcommittee for the first time undertook a broad investigation of the problems of the U.S. textile industry and offered a number of constructive recommendations. With only minor exceptions, the Eisenhower administration has failed to implement these recommendations.

I agree with the conclusions of the Pastore committee that sweeping changes in our foreign trade policies are not necessary. Nevertheless, we must recognize that the textile and apparel industries are of international scope and are peculiarly susceptible to competitive pressures from imports. Clearly the problems of the industry will not disappear by neglect nor can we wait for large-scale unemployment and shutdown of the industry to inspire us to action. A comprehensive industrywide remedy is necessary.

The outline of such a remedy can be found in the report of the Pastore committee. Imports of textile products, including apparel, should be within limits which will not endanger our own existing textile capacity and employment, and which will permit growth of the industry in reasonable relationship to the expansion of our overall economy.

We are pledged in the Democratic platform to combat substandard wages abroad through the development of international fair labor standards. Efforts along this line is of special importance to the U.S. textile industry.

The office of the Presidency carries with it the authority and influence to explore and work out solutions within the framework of our foreign trade policies for the problems peculiar to our textile and apparel industry. Because of the broad ramifications of any action and because of the necessity of approaching a solution in terms of total needs of the textile industry, this is a responsibility which only the President can adequately discharge. I can assure you that the next Democratic administration will regard this as a high priority objective.

Additionally, we shall make vigorous use of the procedures provided by Congress such as section 22 of the Agricultural Adjustment Act and the escape clause in accordance with the intention of Congress in enacting these laws.

Lastly, I assure you that should further authority be necessary to enable the President to carry out these objectives, I shall request such authorization from the Congress.

I hope that these thoughts are helpful to you in your own deliberations and I reaffirm my interest in discussing problems of mutual concern with you.

With all good wishes, I am,

Sincerely yours,

JOHN F. KENNEDY.

(The following letter was subsequently supplied for the record:)

WOVEN LABEL INSTITUTE, INC.,
New York, N.Y.

Hon. JOHN O. PASTORE,
Chairman, Special Subcommittee on the Domestic Textile Industry, Senate Interstate and Foreign Commerce Committee

DEAR SENATOR PASTORE: The Woven Label Institute, Inc. appreciates the opportunity to express to you and the members of your committee the views of its members on the effect of foreign textile imports, particularly with respect to that segment of the domestic textile industry composed of comparatively small business units.

The members of the Woven Label Institute, Inc. are manufacturers of woven fabric labels composed of rayon, cotton, or silk fibers. These labels are woven on jacquard looms and in the process of weaving the purchaser's trademark, trade name, or any desired design is woven into the fabric. Such labels, after purchase, are usually combined with or affixed to another article to designate the source of the manufactured article to which the label is affixed.

The domestic woven label manufacturing industry consists of approximately 45 manufacturers operating factories in 15 States. Collectively it employs approximately 3,500, or an average of 80 employees for each concern. There were several more domestic firms a few years ago but these were forced to discontinue operations as a result of foreign competition. Although the woven label manufacturing industry is the smallest segment of the domestic textile industry, it, nevertheless, maintains the highest average hourly rate of pay, since its manufacturing process is the most complicated and technically developed.

Labels are customarily sold in this country at so much per thousand labels. The weight and price of a thousand labels varies with the size of each label. Nevertheless the rates of duty on imported labels is based on cents per pound and percent ad valorem. Prior to 1948 the rates of duty were 45 cents per pound and 70 percent ad valorem. Since June 30, 1958, the rates are 25 cents per pound and 19 percent ad valorem.

Prior to 1951 the majority of imported labels originated in the Netherlands, Germany, France, and United Kingdom. The volume of such imports was comparatively negligible and their resale price in the United States was at a level which had no adverse effect on competitive domestic manufacturers.

Since 1952, however, imports of labels from the aforementioned countries have been almost nil and practically 100 percent of imported labels now come from a single country where the manufacturers have a very low wage rate.

As a result of the imports from one foreign country the domestic woven label manufacturing industry is in a very serious condition and unless it is afforded some relief it faces virtual extinction. The tremendous increase in these imports since the Foreign Trade Agreements Extension Act of 1951 became effective can be gathered from the incomplete reports of label imports published by the Census Bureau. According to data published by the Census Bureau, imports of woven labels from one country alone increased from $1,909 in 1952 to an estimated $366,462 in 1957. This does not include mail shipments of $250 or under

and we believe a substantial volume of woven label imports enter this country in this manner. According to import statistics published in the Journal of Commerce Import Bulletin, imports of rayon labels from one country increased in the first 10 months of 1958 about 100 percent over similar imports during the entire year of 1957. It disclosed that in 1957 such imports entering the eastern seaboard consisted of 823 cases and in the first 10 months of 1958 there were 1,735 cases imported. It is estimated that the average import value of a case of labels is approximately $500. Based on this value, imports in 1958 from one country amounted to $857,500, not including such imports which entered the west coast. To this figure should be added 20 percent to cover mail shipments of $250 or under, making a total of $1,040,850 of such imports in the first 10 months of 1958 as compared with $493,800 in the year 1957. Based on the price at which competitive domestic labels are customarily sold in the United States, the foregoing imports displaced domestic sales of a value of approximately $2,250,000 or approximately 13 percent of the total annual woven label business done in this country.

What concerns the domestic woven label manufacturers the most is the rate of increase in the importation of woven labels. There is no doubt that these importations will increase substantially year after year by reason of the fact that such labels are being sold in this country considerably below the cost of domestic production of competitive products. For example, if a domestic manufacturer should cut his price by 50 percent, he could not begin to meet his cost, and, at the same time, such a tremendous cut would be of no avail against foreign competition which can and does undersell him and still derive a satisfactory profit. The low prices at which imported labels are sold in this country not only divert a large volume of business from domestic manufacturers with the result that a number of their looms remain idle, but they also create the equally serious condition of a depressed price structure for the products of the domestic manufacturers in their attempt to operate their businesses in competition with the imported product. It is obvious that should foreign woven labels continue their rate of increased volume of sales in this country, the domestic woven label industry will fold within a decade.

The average hourly wage in the domestic woven label industry is approximately $1.85. According to our information the average hourly wage for the same work in the foreign country from which the bulk of woven label importations originate is 17 cents per hour. In this diversity in the wage rate coupled with the extremely low tariff rates lies the source of our distress. Big businesses are highly mechanized and can afford to spend millions for the necessary automatic laborsaving equipment to cope with foreign labor costs. The domestic woven label industry composed of small business units cannot do this because of lack of capital, and more important even if capital were available, there is no new laborsaving equipment that could be purchased that is superior to the equipment used by foreign manufacturers. The machinery on which woven labels are made is practically the same all over the world. In addition, there is no incentive for a manufacturer to spend large sums of money developing new machinery since the market for such equipment is not large enough to justify the cost of development.

Another factor is the impossibility of expanding the industry's market through export of its products on any appreciable scale to any other place in the world. At present, it does export obsolete woven labels to certain areas in Central and South America but at prices far below cost simply to unload these labels which are unsalable in this country. This undesirable business constitutes less than one-half of 1 percent of the industry's volume and is so negligible that it requires no further discussion. In practice the industry has no oversea market and is utterly defenseless against imports at the present time.

Because of the tremendous difference in the cost as between the domestic woven labels and those from the foreign country exporting the largest volume to this country, application by the industry to the Tariff Commission for relief under the escape clause through the imposition of increased traiff rates on foreign imports, will not stop the ever increasing imports of labels from that foreign country. As a matter of fact, even if the existing tariff was raised by 100 percent it would not materially help the domestic industry. Furthermore we understand that an industry must be in immediate danger of extinction before relief is granted under the escape clause. While the industry has not yet reached that point, it appears certain that it is only a matter of time when that point will be reached unless it is accorded some relief. The only relief which will assist the

industry is the imposition of a mandatory quota and/or a requirement that foreign labels be marked with the name of the foreign country of origin in order that the consuming public may be able to exercise its discretion as to whether it will purchase domestic manufactured products or foreign manufactured products.

We believe that one of the reasons for the tremendous increase in the importation of foreign woven labels in recent years is the lack of uniformity in the enforcement of the marking laws under the Tariff Act. For many years, based on a decision in 1925 by the Court of Customs and Patent Appeals, each foreign label was required to be marked with the name of the country of foreign origin. As a result of this requirement imports of foreign labels practically ceased. In 1940 the same court held that toothbrush handles imported by a manufacturer for use in the manufacture of toothbrushes during the course of which manufacture the toothbrush handle was transformed into a completely new article and its identity completely lost, need not be marked with the name of the country of origin because the ultimate purchaser in such circumstances is the manufacturer who purchases the imported product for use in the manufacture of a completely new product. Thereafter, based on this decision the Treasury ruled that each woven label is not required to be marked with the name of the country of origin. It should be noted that a woven label is a finished manufactured product and requires no further processing except such as is incidental to attaching it to another product and never loses its identity as a woven label.

Many purchasers of foreign labels do not realize that they are purchasing a product made in a foreign country since only the outer container specifies the country of origin and the importer may remove the labels from such container before making delivery to his customer. The employees of a garment factory assigned to sewing labels to the garments have no idea that the labels are of foreign origin and there are many such employees who object to working with products made in foreign countries and, of course, the consumer purchasing the garment in a retail store has no inkling where the woven label was made.

The Federal Trade Commission has in numerous cases held that there is a preference among the American consuming public for domestic manufactured products and that the failure to disclose the name of the country of foreign origin of the product constitutes an unfair and deceptive act or practice. The corrective action applied by the Commission in such cases is effective only against the particular individual or concern proceeded against whereas the marking requirements under the tariff act preclude the entry of all products through customs unless they are marked as required by law.

The intention of the Congress that ultimate consumers in the United States shall have the opportunity to exercise their discretion as to whether they should purchase a textile product made in the United States or one imported from a foreign country, is implicit in the provisions of the act cited as the "Textile Fiber Products Identification Act" which was enacted into law at the last session. The act defines the term "ultimate consumer" as the person who obtains a textile fiber product by purchase or exchange with no intent to sell or exchange such textile fiber product in any form. In addition to fiber identification requirements, it also provides that "if it is an imported textile fiber product the name of the country where processed or manufactured" shall be stamped thereon. However the act provides that the "Federal Trade Commission may exclude from the provisions of this act a number of specified products and other textile fiber products (1) which have an insignificant or inconsequential textile fiber content, or (2) with respect to which the disclosure of textile fiber content is not necessary for the protection of the ultimate consumer."

The woven label industry favored the passage of this act under the belief that it required all imported textile products, including woven labels, which are finished manufactured textile fiber products, be stamped with the name of the foreign country or origin. However, in a recent announcement by the chief of the division of the Commission in charge of promulgating rules and regulations under the act, he stated he was of the opinion that imported woven labels would be exempted from all marking requirements under the act. While we believe his interpretation of the act is incorrect, there is a possibility, therefore, that the Fiber Identification Act will afford no relief to our industry.

To prevent the destruction of a domestic industry employing a substantial number of people at satisfactory wages, it is respectfully suggested to your honorable committee that it recommend, (1) the passage of legislation which will impose a mandatory quota on the importation of foreign products competitive with products manufactured by industries unable to meet the foreign competi-

tion so that its continued existence is endangered, and (2) an amendment to the Tariff Act of 1930, as amended, which will define the term "Ultimate Purchaser" as used in section 304(a) of such act, as follows:

"The term ultimate purchaser, as used in this subsection, with respect to an imported manufactured article, capable of being marked at the time of its manufacture or production, and of a kind which subsequent to its importation is usually affixed to or combined with another article without loss of its identity, means the purchaser at retail of the article to which such imported article is affixed or with which it is combined."

We would like to express our thanks to this committee for their attention to this matter and we respectfully request that our remarks and requests be made a part of the printed record.

Respectfully submitted.

JAMES M. RENNIE,
Committee Chairman.

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