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Press Release - Remarks by Senator Edmund S. Muskie in the United States Senate On Footwear Imports

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Mr. President, I am pleased to have an opportunity to express my views about one of the most difficult economic problems this nation now faces--the problem of imports. Excessive imports have adversely affected many American industries during the past decade, but none so injuriously as our country's shoemakers. Footwear was one of the first sectors of the United States economy to feel the pressure of low wage foreign competition, and one of the first to see this competition for what it was--a serious and long-term threat to the economic health of the industry and the United States. I must also note that the footwear industry has neither suffered silently nor cried "wolf." Its predictions of ever-increasing imports have consistently been exceeded.

It was over six years ago today, that a group of concerned members of Congress and footwear industry leaders went to the President of the United States to discuss this problem. The statements we made that day could be used this morning--with the statistical data revised upward many times.

In January 1970,22 million more pairs of leather and vinyl footwear were imported into the United States. This figure represents an increase of more than 37% than the average month last year, and 153% more than January 1969.

The National Association of Footwear Manufacturers reports that imports will hit approximately 225 million pairs this year, or 28% of our U.S. market. Ten years ago it was less than 3.5%. Even five years ago imports of only 75 million pairs occupied less than 11% of our domestic market.

Economists can develop charts and talk about productivity, but the fact is that children at ages of 12-14 are putting in 60-hour weeks in footwear plants in Taiwan and Hong Kong, for wages as low as 12 cents per hour.

Our U.S. footwear worker gets an average of $2.74 per hour. He is a more efficient worker than that child in the Far East, but I do not think he is 23 times better. Shoe manufacture is labor intensive. The country with the low labor costs has competitive edge over the country with high labor costs. This problem is that simple.

What is the solution? The first question is not what to do, but whether to do anything. This is a question that deserves our serious consideration. There are many who will argue that the footwear manufacturers and other industries threatened by imports are only experiencing the raw, invigorating, economic forces of the marketplace. This is how it is in the real world, they say. Stop complaining and start competing. They argue that expanded world trade helps everyone; therefore, whatever inhibits world trade hurts everyone.

There is a serious flaw in this argument. The fact is that there is nothing raw about the economic factors of the world market. Regulations and restrictions are one of the principal features of international trade in the 20th century. Nothing as complex and as important as international trade can expect to be free of controls and contrivances designed by each nation to advance its interests. Every nation uses trade to advance its interests, some more subtly and skillfully than others. It is reasonable to ask, how has the U.S. used trade as an instrument of national policy, and how successful has it been?

At the end of World War II most of the trading nations of the world were in desperate need of help. The United States helped to rebuild these foreign economies to restore our own overseas markets. As a part of this effort we did everything possible to encourage world trade, we threw open our markets, we reduced tariffs, we gave every assistance to our trading partners. This policy proved successful. Japan and the countries of Western Europe aided in no small part by the United States, staged an incredible economic recovery which has been of great benefit to us.

But somewhere along the line the economic ends and means became confused. Expanded world trade became, somehow, a national objective in itself. Having helped to restore our overseas markets, we have kept right on doing the things that restored them. Now Japan and Western Europe are economic powers. They are demonstrably able to compete with the U.S. on any terms in any market place. I think it is time that we learn that the United States can no more be the world's consumer than it can be the world's policeman.

At the point where further so-called "expansion" of world trade disrupts markets in the U.S., displaces American workmen from their jobs, and closes American factories: and when this "expansion" is principally benefitting well developed economies like Japan and Italy, it is time to act. I hope the President will act on the petitions for voluntary limitations on imports of leather and vinyl footwear. If he does not, I think Orderly Marketing legislation is imperative.

I believe each trade problem has to be examined in its own facts. No overall policy can compass the interests of all proprietors, all labor, all management, all consumers. In general, the United States is moving toward fewer trade restrictions, and I think that generally this is desirable. But where open markets attract low wage imports that devastate a segment of our economy, the alternatives are worth considering.

An industry, so threatened, can do as the economists urge--it can cut costs and become competitive all at once. The American coal industry is a case in point. Twenty years ago the coal industry could not compete with imports, could not get relief from the government, so it responded by cutting costs and automating production. Today, what is left of the industry is healthy. We now export about 10 percent of our coal production. But in the years 1950 to 1965, 340 thousand coal miners--two out of three--lost their jobs. Appalachia is the result. That is a high price to pay for efficiency.

The alternative is to control imports so that the beneficial effects of competition are maintained without disruption of markets or employment. This is what now must be done, let us keep our footwear industry alive while it continues to work towards greater value, better design, lower costs, wider markets, more efficiency. Let us keep the displacement of workers, if such there must be, to a manageable level.

It was to this end that I introduced the Orderly Marketing Act of 1969. This bill, if enacted, will provide for:

--the orderly marketing of articles imported into the United States
--the establishment of a flexible basis for the adjustment by the U.S. to expand trade, and
--afford foreign supplying nations a fair share in the growth and change in the U.S. market.

Briefly, the bill would require, under certain conditions, the Secretary of Commerce to determine whether the increased quantities of imports are a factor contributing to a condition of economic impairment of a domestic industry. If such an impairment does exist, then the President would be able to impose import limitations geared to total sales in the domestic market, subject to review after three years.

This is not a rigid protectionist concept, nor would it impose an inflexible quota system. Instead, it is designed to give those American industries which have been hard hit by a massive flood of low-cost foreign imports time to readjust to changing conditions of world trade.

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