from communist nations have grown from 8,700 pairs in 1955 to 3,011,700 pairs in 1967. (Under the obsolete Antidumping Act of 1921 the footwear industry has not been able to obtain relief.)

WHY ARE FOOTWEAR IMPORTS CLIMBING RAPIDLY?

Footwear imports are increasing rapidly primarily because they are cheaper—not because they offer unique styles or fashions. They are cheaper because shoemaking is a labor-intensive manufacturing process. Wages of labor abroad producing shoemaking materials as well as shoes are one half to one fourth of the wages paid in the United States. Practically all of the imported footwear is produced at wage and hour costs that would be illegal in the United States.

Wages in American footwear factories averaged $2.01 per hour in 1967; with fringe benefits added, they amounted to $2.43 per hour. This is at least three to four times the cost of labor in Japan and more than twice that of Italy with all the fringe benefits in these countries included.

Footwear manufacturing techniques are essentially the same throughout the world, and essentially the same materials and types of machinery are used. Factories in Italy, Spain, and Japan are becoming better organized, using more modern management methods. Through better scheduling and planning they are eliminating delivery delays that plagued American buyers. With jet air express, they can send in shoes literally overnight.

In spite of the fact that American factories produce at least 25 per cent to 35 per cent more pairs per worker per day than in any other country in the world, this productivity edge is not sufficient to offset these substantial wage differentials. Footwear, as a labor-intensive industry, is among the first that less-developed countries turn to when they begin to industralize. This supplies necessary foot covering for the home market as well as a readily marketable product to export for dollars.

The following example will illustrate why price differences between foreign and domestic footwear have created a tremendous surge of imports. About 150 million pairs of women's shoes sell at $2.98, $3.98, $4.98, and $5.98 a pair through the chains—the great volume shoe distributors of America. They are in intense competition with each other and they, as well as shoe manufacturers, face rising costs. The cost squeeze drives them to search continuously for ways and means to increase markons in order to maintain and improve profit margins. On a $3.98 shoe, for example, as costs inch up the retailer must shorten his markon or move from the $3.98 bracket to a $4.98 bracket. As there is a price elasticity in the demand for footwear, the retailer realizes that a move to the higher bracket may curtail his market or place him at a disadvantage against his competition, or both.

If, however, he can purchase these shoes abroad for $1.00 to $2.00 a pair less, then he can maintain his $3.98 bracket and, at the same time, increase his markon to meet rising costs. This same principle holds true for medium and higher price shoes selling in independent stores and department stores. In certain cases, shoes from Spain and Italy costing $6.00 to $9.00 a pair have been sold over $20.00 retail.

This is the secret of the rapid rise in imports and why they will continue to increase for years to come. If it were style alone and there were no cost advantages to imported footwear, American manufacturers would have no basis for protest. It is well recognized in the trade that if the wholesale cost of imported shoes were the same as the cost of domestic footwear, imports would be limited to a few million pairs of high style footwear sold chiefly in department and independent specialty shoe stores. The volume retailers, chains, mail-order houses, and discount stores selling medium and low-priced footwear would purchase in the domestic market.

Footwear imports were built up first by professional importers who recognized the profit possibilities in wide price differentials existing between American footwear and footwear produced in Italy, Spain, and Japan. They were soon followed by the larger retailers who found it practical and economical to do their own importing. Then the domestic manufacturer found he had to import to compete and to supply customers with a complete line. In some cases, he opened or purchased import operations.

The first footwear market to be lost to foreign competition was that for ski boots which was taken over in the late fifties.