

50 percent reduction (over a 5 year period) beginning January 1, 1963 for leather handbags, and similar reductions in many other categories of handbags, only opened wider the sluice gates for imports and contributed even more emphatically to the decline and stagnation of the industry.

It is difficult to separate the causes, effects and possible remedies regarding the tremendous influx of imported handbags; in ways, a vicious cycle blurs the distinctions. The subsequent discussion, we believe, will bear this out.

The handbag industry is a small industry consisting primarily of small manufacturing units. The 1963 Census of Manufacturers shows that there were, at that time, 545 handbag manufacturers; and only 262 of such establishments had more than 20 employees. To emphasize the point even further, only 72 out of the 545 plants had more than 100 employees.

The 1958 Census showed that there were 620 handbag manufacturers. Consequently, comparing 1958 and 1963 figures, there has been a 12 percent *reduction* in the number of handbag manufacturers.

Competition between these many small units, each of them with a low sales volume, is keen, and the profit margin is low. It is estimated that net profits after taxes approximate only about one percent per dollar of sales. Since a comfortable cushion of capital is hard to obtain under these circumstances, and considering the whims of fashion, the risks of doing business are great. There is an extraordinary mortality rate in the handbag industry: approximately 15 percent of the firms passing out of existence annually. Some of them may reorganize and reappear on the scene for a longer or shorter period, but the fact of business mortality remains—and even though it is an industry which one can enter with very little capital, very few are tempted to do so.

Yet, it is accurate to say that the handbag industry is a good example of free enterprise in our country. In this industry, it is only a short step from being an employee to being an employer. Yet, from 1958 to 1963, there has been a 12 percent decrease in the number of handbag firms. It is safe to assume, based on current figures as to the value of domestic production and the number of production workers presently in the industry, that the next Census will show an even greater decline.

The industry's dollar volume in 1958 was \$234,319,000. Three years later, in 1961, it was up to \$259,000,000. In 1963, it was up to \$280,343,000. At best, during this period, considering the changes in the value of the dollar, it would be fair to say that the industry was standing still. Yet, during this same period, there was a 12 percent decrease in the number of handbag manufacturing establishments! The Annual Survey of Manufacturers (Bureau of the Census) shows that for the year 1965, the value of shipments was \$274,850,000: a decline from the year 1963!

The handbag industry is a seasonal one and it has virtually lost one of its seasons: the "white handbag" season, which has provided Spring employment in the past, it being replaced by the vast importation of straws and other handbags of a similar nature.

As to production workers employed in the handbag industry: In 1958, there were approximately 19,500 workers employed; In 1961, there were 20,800; In 1963, there were 21,552. For that period, 1958 to 1963, the number of production workers remained fairly constant, especially in view of the elements of season and style which create, in this industry, the same vicissitudes which characterize the women's apparel trades generally. But, the most recent figures prove, once again, that we are in the midst of a sharp deterioration of the American handbag industry. For the year 1965, there were 20,239 so employed, a 10 percent *decline*!

In a typical American handbag factory, a large majority of the workers performing the various operations necessary to the manufacture of handbags are unskilled. A large portion of them are women who work to supplement the family income. When employees such as these lose their jobs, the overwhelming probability is that they drop out of the labor force permanently and consequently, the families, of which they are part, will remain, to that extent, economically deprived. The outlook for handbag workers who lose their jobs because of lack of work is bleak indeed.

We would, though, want to emphasize one aspect of this unemployment problem. During the past 50 years, various ethnic groups have come into this industry as unskilled workers. We have seen many of them improve their skills and become cutters and framers and who now command and receive a solid and respectable weekly wage. We have seen some of these people open their own factories and, with great tenacity, much sweat, yes and tears also, prosper.