

We, in the handbag industry, are in the midst of another ethnic wave: The Puerto Rican. Governmental action on many fronts substantiates the avowed policy of our country to help the Puerto Rican and other minority groups move up the economic ladder so as to give them the same opportunity to realize their aspirations and dreams as any other American. Other minority groups have, in the past, used the handbag industry to move up the economic ladder. This Association submits to you that governmental action in the area of the deleterious effects of imports on domestic industries is most urgently needed. It is a contradiction to give with one hand and take away with the other. Particularly where the "taking away" is concerned with the cardinal tenets of our American heritage; the right of the individual to better his life and that of his family by his own free initiative. To discourage this is to suppress the dignity and sense of pride inherent in each and every one of us. A government welfare check cannot take its place.

It is obvious that the flood of imported handbags has placed the American handbag industry in a very precarious position for both manufacturer and worker.

At the outset, it was stated that it is very difficult to separate causes, effects and remedies regarding this situation. Let us now explain this more thoroughly. It has already been shown that the handbag industry has been, traditionally, a "risky" entrepreneurial venture; that profits are "paper thin"; that very little capital is required.

Very little capital is required because the handbag industry is largely a handcraft industry. The handbag industry does not lend itself to the mass-production techniques and the mechanization attendant upon automation which have enabled other industries to overcome the differential existing between the wages paid in industries making similar products abroad. Instead, labor costs in the handbag industry, as in any other handcraft industry, play a decisive part in the overall selling cost.

There is little or no technological advantage for American manufacturers. The foreign manufacturer, since so little capital is needed, can easily equip his factory with comparable machinery to be found in the United States.

This is not to say that wages for handbag workers are high, measured by any test. There is no denying the fact that this industry's wage structure, like its profit margin, lags behind much of the American economy.

It is clear that one factor that has permitted the imported handbag to take the place of one out of every four domestic handbags is the wage differential between the American worker and his counterpart in other countries.

Let this point be emphasized by what we think is a very vivid illustration. Let us consider handbags of beads. Everywhere in the world, beading is a homework-cottage industry. American labor legislation and production techniques have long since moved out of the homework stage. How then shall an American-made cocktail, dinner or evening bag compete with handbags made in Hong Kong or Japan for this same use? The cost of production for these handbags is so low that the maker is even able to purchase the more desirable glass beads produced in Italy, Czechoslovakia, etc., transport them halfway around the world to the Orient, produce the handbags under these primitive conditions, then ship the finished product again half around the world to the American market and still undersell the equivalent handbag made in America.

Technology, so-called American "know-how" cannot remedy such a situation. The handbag industry is just not the type of industry suitable for such innovation.

Ours is a style industry. The handbag designer must constantly seek new ways of appealing to the customer. Competition based solely on price, even if that were possible in spite of the wide disparity in wages, is injurious to a style industry. Style, finish, quality, ideas as to construction and workmanship are all elements which the handbag industry must employ if it is to survive and prosper. If the product is cheapened and price is made the sole consideration, every effort to lift the industry to a better state by promoting style is doomed to failure.

The depreciation of an item whose value must depend, in the last analysis on style appeal, cannot but be a source of deep concern to the industry and the workers in it. This concern is deepened and the fears increased when the countries having the lowest wage scales are taking over the import field so drastically.

Retailers in this country, unconcerned by the effects which imports have on domestic workers, even though they depend on the earnings of these workers for