

and increasingly are turning, to imports either to supplement their existing lines or as a complete substitute for them. It is too soon to make a statistical delineation of this trend, although a cursory reading of *Women's Wear Daily* or an on-the-spot check of department stores would underscore the emphasis given to foreign merchandise.

Another relevant statistic is the number of production employees in the industry. In 1963, when imports constituted 5 percent of the domestic market, the number of production employees was 21,552. It dropped to 20,239 in 1965, and according to unofficial figures, went below the 20,000 mark in 1967.

Parenthetically, may I say that many of these work in small towns, and the employees are made up of definitely underprivileged people, in terms of work skills, middle-aged women, and so on.

It is a likely hypothesis, therefore, that the increasing share of the domestic market preempted by foreign products will be accompanied by a constant diminution of employment opportunities for American handbag workers.

II. FACTORS CONTRIBUTING TO THE INFLUX OF IMPORTS

How did it develop, one may inquire, that whereas at one time imports and exports were on the same plane, an untoward balance has emerged? The reasons for the popularity of some handbags and purses, particularly of French and Italian design, are not hard to find. These include their own fine quality, the added selection they afford consumers and the significant impact of promotional campaigns by department stores who plug them both as a status symbol for the customer and as the basis for an extremely favorable markup for themselves.

But an objective appraisal cannot be limited to a consideration merely of these factors. If it were only a matter of quality and design American handbags could compete most favorably with those of the rest of the world, including French and Italian handbags. Actually, the greatest accretion in imports has been on the lower end of the price spectrum, in the so-called popular lines which is the chief forte of Hong Kong and Japan.

The root-cause of the export-import disparity lies in two irrefragable facts:

1. The preferential treatment, expressed in myriad ways, accorded by foreign governments in encouraging export to the United States of their handbags, purses and personal leather goods as well as luggage; and

2. The significantly lower wage standards and conditions obtaining these exporting countries, thus giving them a distinct competitive advantage not only in the world market but also in the American market as well.

With regard to the first point, it is sufficient to note at this juncture that the American leather goods' industry is subjected as are most other American industries, to vertiable panoply of restrictions and encumbrances. These include the imposition of quotas, the use of discriminatory border and sales taxes, inequitable practices with respect to licensing and other nuisances as well as a buy-national policy. But these encumbrances with respect to handbags are far less significant