

**UNITED STATES TARIFF COMMISSION**

**FOOTWEAR FOR WOMEN:  
FORMER WORKERS OF DEE-VEE FOOTWEAR, INC.  
BRIDGEPORT, CONN.**

**Report to the President  
on Investigation No. TEA-W-225  
Under Section 301(c)(2) of the Trade Expansion Act of 1962**



**TC Publication 661  
Washington, D. C.  
April 1974**

**UNITED STATES TARIFF COMMISSION**

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# C O N T E N T S

	<u>Page</u>
Report to the President-----	1
Finding of the Commission-----	2
Views of Chairman Bedell, Vice Chairman Parker, and Commissioners Moore and Ablondi-----	3
Views of Commissioners Leonard and Young-----	6
Information obtained in the investigation:	
Description of articles under investigation-----	A-1
U.S. tariff treatment-----	A-3
Women's footwear market in the United States:	
U.S. consumption, production, and imports-----	A-7
Distribution of women's footwear by price ranges-----	A-12
U.S. and foreign wage rates-----	A-14
Data relating to Dee-Vee Footwear, Inc.:	
Corporate structure, plant, and equipment-----	A-16
Product and prices-----	A-17
Production and sales-----	A-18
Employment-----	***
Distribution and comments of customers-----	***
Statements by Mr. Dominick Violi, Jr., on the impact of imports-----	A-30
Labor relations at Dee-Vee Footwear-----	***
Comments of Mr. Albert Cioffari and Mr. Harry Kaplan, union representatives-----	***
Reasons for closing the plant-----	A-36
Appendix A: Statistical tables-----	A-37
Appendix B: Letter from United Electrical, Radio and Machine Workers of America and the outline of the production control system from Dee-Vee Footwear, Inc-----	A-42

## Appendix Tables

1. U.S. rates of duty applicable to certain footwear of the types provided for in specified TSUS items, July 1, 1934, and GATT concessions to Jan. 1, 1972-----	A-38
2. Leather footwear for women and misses, made principally by the cement process (item 700.43 and 700.45): U.S. rates of duty and imports for consumption 1939, 1946, and 1955-73-----	A-39
3. Footwear having supported-vinyl uppers for women and misses (item 700.5545): U.S. rates of duty and imports for consumption, 1934 and 1964-73-----	A-40
4. Nonrubber footwear for women: U.S. imports, by selected TSUSA items, 1968-73-----	A-41



## REPORT TO THE PRESIDENT

U.S. Tariff Commission,  
April 12, 1974.

To the President:

In accordance with sections 301(f)(1) and (f)(3) of the Trade Expansion Act of 1962 (19 U.S.C. 1901), the U.S. Tariff Commission herein reports the results of investigation No. TEA-W-225 made under section 301(c)(2) of the act to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with footwear for women (of the types provided for in items 700.32, 1/ 700.43, 700.45, and 700.55 of the Tariff Schedules of the United States (TSUS)) produced by Dee-Vee Footwear, Inc., Bridgeport, Conn., are being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of such firm or an appropriate subdivision thereof.

The investigation was instituted on February 15, 1974, on the basis of a petition for adjustment assistance filed under section 301(a)(2) of the act on behalf of the former workers of the firm.

Notice of the investigation was published in the Federal Register (39 F.R. 7208) on February 25, 1974. No public hearing was requested and none was held.

The information in this report was obtained from officials of Dee-Vee Footwear, Inc., union representatives of the workers, customers of the firm, official Government statistics, and the Commission's files.

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1/ Although the Commission's public notice in this investigation indicated that slippers of the type that enter under TSUS item 700.32 were produced by Dee Vee Footwear, Inc., it was learned that such footwear has never been produced by that firm.

### Finding of the Commission

On the basis of its investigation, the Commission unanimously finds that articles like or directly competitive with footwear for women (of the types provided for in items 700.43, 700.45, and 700.55 of the Tariff Schedules of the United States) manufactured by Dee-Vee Footwear, Inc., Bridgeport, Conn., are not, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of such firm.

Views of Chairman Bedell, Vice Chairman Parker,  
and Commissioners Moore and Ablondi

This statement sets forth the reason for our negative determination in the instant investigation under section 301(c)(2) of the Trade Expansion Act of 1962 (TEA). The investigation was instituted on the basis of a petition filed on behalf of the workers of Dee-Vee Footwear, Inc., Bridgeport, Conn., engaged in the production of women's footwear.

Under section 301(c)(2) of the TEA, the Commission, in order to make an affirmative decision, must find that:

- (1) Articles like or directly competitive with those produced by the workers' firm are being imported in increased quantities;
- (2) The increased imports are a result in major part of concessions granted under trade agreements;
- (3) A significant number or proportion of the workers of the firm, or an appropriate subdivision thereof, are unemployed or underemployed, or threatened with unemployment or underemployment; and
- (4) The increased imports resulting in major part from trade-agreement concessions are the major factor in causing or threatening to cause the unemployment or underemployment of the workers.

We have made a negative determination because the fourth condition has not been met, that is, increased imports of footwear like or directly competitive with footwear produced by the petitioning workers were not the major factor causing, or threatening to cause, the unemployment or underemployment of the petitioning workers.

Dee-Vee Footwear, Inc., which ceased production in June 1973, produced women's slippers, sandals, vinyl boots, and shoes for casual wear. The product line varied from year to year, depending on consumer demand. During 1969-70, slippers and "go go boots" accounted for the greater part of production. In 1971, high-fashion vinyl boots retailing at about \$9 to \$12 accounted for 50 percent of production. In 1972 and prior to the plant closing in June 1973, casual shoes of suede letter represented about 80 percent of production.

The evidence available to the Commission shows that the decision by the management of Dee-Vee Footwear to close its plant was made primarily as a result of factors unrelated to imports. Annual sales of footwear by the company remained strong in the years prior to its closing. The firm's management stated that sales were maintained because of its ability to adapt production rapidly to new orders and styles. In 1972, the last full year of operation, unit sales rose about 8 percent above the preceding year.

Former customers of Dee-Vee Footwear contacted by the Commission stated that they were generally satisfied with the company's products and were willing to continue to purchase them. One such major customer shifted from Dee-Vee Footwear to imported footwear in 1972, but the firm was able to replace this business with other accounts and, as noted above, the company's unit sales increased in that year. At the time of closing the company had a large volume of orders on their books, the equivalent of several months' production. The company's management stated,

however, that (1) the firm had been unable to consummate a satisfactory labor agreement, (2) additional financing would be required for the firm to continue in business, and (3) the firm faced other problems unrelated to imports.

### Conclusion

On the basis of the information available to the Commission, we conclude that imports were not the major factor causing or threatening to cause the unemployment or underemployment of the petitioning workers and therefore, we have made a negative determination.

## Views of Commissioners Leonard and Young

Our determination in the instant case is negative because one of the statutory criteria has not been met, i.e., that the increase in imports of footwear like or directly competitive with that produced by Dee-Vee Footwear, Inc., Bridgeport, Conn., is the result in major part of concessions granted under trade agreements. Our reasoning in support of this determination is set forth in a statement of our views in earlier Commission investigations under the Trade Expansion Act. 1/

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1/ Commissioner Leonard's views are given in Nonrubber Footwear: Report to the President on Investigation No. TEA-I-18 . . . , TC Publication 359, 1971, pp. 31-47, and Commissioner Young's views are given in Women's Dress and Casual Shoes: Duchess Footwear Corp. . . . : Report to the President on Firm Investigation No. TEA-F-39 and Worker Investigation No. TEA-W-139 . . . , TC Publication 491, 1972, pp. 11-25.

INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles Under Investigation

Dee-Vee Footwear, Inc., which ceased production in June 1973, produced women's slippers, sandals, vinyl boots, and shoes for casual wear. From 1969 until the plant closed, about 25 percent of the firm's output consisted of slippers made with leather and vinyl uppers; about 20 percent of women's sandals; about 10 percent, of high-fashion vinyl boots; and the remainder, of other casual shoes, including desert boots and suede casuals. Dee-Vee's footwear, virtually all of which was constructed by the cement process, retailed at \$3 to \$12 a pair.

A small portion of the women's sandals produced by Dee-Vee were constructed by the stitchdown process. Footwear made by the stitchdown process may be made with one, two, or three soles. The two-sole stitchdown is the most common. However, the principal method of attaching the outsoles to women's shoes has been the cement process (the method principally used in constructing footwear at the Dee-Vee plant), whereby the outsole (or midsole, if any) is affixed to the upper by an adhesive without sewing. It is estimated that 80 percent of the total U.S. output of women's shoes in recent years (and probably an even higher percentage of the domestic output of women's dress shoes) has been made by the cement process.

Women's slippers usually consist of casual slip-on styles of footwear not held to the foot by laces or straps. They are generally intended for indoor use, but some types are sturdy enough for outdoor wear. The less expensive ones usually have low heels, or low wedge soles and heels,

and vinyl uppers or uppers of fabric, such as cotton corduroy, quilted rayon satin, or terry cloth. The soles are usually of composition material, and the linings of fabric.

Sandals, which have been a popular fashion item since the early 1960's, particularly in the last 5 years, are footwear with uppers consisting wholly or predominantly of straps or thongs, regardless of the height of the heel or other constructional features. Such footwear, which is generally for casual or leisure wear, has also become popular in recent years in the dress-shoe category. Sandals are sold in a wide retail-price range depending on the material, style, and/or ornamentation. Some sandals with uppers of vinyl are sold at discount stores and similar outlets for prices as low as \$1 a pair. While high-fashion sandals with uppers of leather are sold at department stores and specialty shops for \$30 or more a pair, it is believed that most sandals are sold at retail for about \$2 to \$9; Dee-Vee's sandals retailed in a price range of \$4.50 to \$7.50.

Other footwear for casual or leisure wear includes loafers, desert boots, moccasins, wedge-heeled shoes, and sneakers. The range of styles and quality of footwear increased greatly during the 1960's as a result of the adaptation and use of new materials, technological developments in production, and new fashions in wearing apparel.

## U.S. Tariff Treatment

In the Tariff Act of 1930, women's leather footwear of the type produced at the Dee-Vee plant was originally dutiable under paragraph 1530(e) at 20 percent ad valorem.

Women's slippers are classified for duty purposes in the Tariff Schedules of the United States (TSUS) mainly under items 700.32, 700.43, 700.45, 700.55 and 700.60. 1/ Women's casual shoes, including sandals, are entered principally under items 700.43, 700.45, 700.55, and 700.60.

TSUS item 700.32 provides for a restrictive category of slippers with leather uppers. 2/ Annual imports of these slippers have averaged less than 200,000 pairs per year during the past several years. The rate of duty on leather slippers entered under TSUS item 700.32 was reduced to 10 percent ad valorem pursuant to a concession granted by the United States in the General Agreement on Tariffs and Trade (GATT), effective January 1, 1948.

As a result of a concession granted in the Kennedy Round of negotiations under the GATT, the rate was further reduced in five annual stages to the current 5 percent ad valorem.

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1/ Certain slippers with uppers of fabric are entered under TSUS items 700.66 to 700.80. However, imports of such slippers are believed to be small.

2/ The term "slippers" referring to item 700.32 means footwear of the slip-on type without laces, buckles, zippers, or other closures, the heel of which is of underwedge construction and (1) having a leather upper permanently trimmed with a real or imitation fur collar, or (2) having a leather upper and a split leather tread sole (including heel) held together by a blown sponge-rubber midsole created and simultaneously vulcanized thereto.

During the course of this investigation it was learned that Dee-Vee has never produced slippers of the type that enter under item 700.32.

The rate of duty applicable to women's leather slippers, sandals, and other casual shoes of the type provided for in TSUS items 700.43 and 700.45 was reduced for the first time effective January 1, 1968, pursuant to concessions granted under the Kennedy Round of tariff negotiations. The current rate for item 700.43 is 15 percent ad valorem, and that for item 700.45 is 10 percent.

Imports entered under TSUS item 700.43, which provides for certain leather footwear having a foreign (export) value of not over \$2.50 a pair, as well as those entered under TSUS item 700.45, which provides for certain leather footwear valued over \$2.50 a pair, consist predominantly of women's footwear in a wide range of styles, types, and prices. In terms of quantity, about half of the combined imports entered under these two items in recent years have consisted of women's sandals having a retail price of about \$3 to \$9 a pair. The remainder probably consisted predominantly of women's moderate-priced cement-process dress shoes (i.e., in the retail-price range of \$8 to \$20 a pair) but also included sturdy types with vulcanized or injection-molded soles, lightweight slippers suitable principally for house wear, and expensive high fashion types. Although precise data are not available, it is believed that imports of leather slippers (of the types which Dee-Vee produced) entered under these item numbers have been small.

Women's imported footwear with supported-vinyl uppers, dutiable under TSUS item 700.55, has in recent years consisted predominantly of two groups: (1) street shoes of sturdy construction, produced in a single width for each particular length (sold chiefly at self-service counters in variety stores, discount stores, and department-store basements)

and (2) folding slippers, sandals, and other inexpensive footwear. It is believed that before 1970 only a negligible portion of the annual imports of women's dress shoes and boots admitted under item 700.55 retailed at more than \$10 a pair. It is estimated that, in the years 1971 through mid-1973, annual imports of such footwear retailing at more than \$10 a pair accounted for less than 10 percent of the total imports, and most of these retailed at just over that price.

Supported vinyl was not used for uppers until the late 1940's or early 1950's. Prior to the effective date of the TSUS, imports of women's supported-vinyl-upper footwear were classifiable under various provisions of the Tariff Act. Under that act such footwear was classified principally--

- (1) By similitude, at the rate of 20 percent ad valorem applicable to leather footwear provided for in paragraph 1530(e). 1/
- (2) Under paragraph 1537(b) as articles in chief value of rubber, at the trade-agreement rate of 12.5 percent ad valorem, where the soles were of india rubber and constituted the chief value of the footwear in question.
- (3) Under paragraph 1539(b) at the reduced rate of 21 cents per pound plus 17 percent ad valorem where the footwear was in chief value of a product having a synthetic resin as the chief binding agent.

In the TSUS a rate of 12.5 percent ad valorem was established for item 700.55 as the trade-agreement rate to replace the wide range of rates previously applicable to the various types of footwear provided for in this item. The current rate on footwear with supported-vinyl uppers is 6 percent ad valorem.

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1/ The principal kinds of footwear with supported-vinyl uppers now being imported (i.e., those with soles of vinyl or other plastics) would have been dutiable by virtue of the similitude provision at a rate of 20 percent ad valorem.

Table 1 in the appendix shows the reductions in rates of duty resulting from trade-agreement concessions granted under the GATT for footwear of the types now dutiable under items 700.32, 700.43, 700.45, and 700.55. Tables 2 and 3 show U.S. imports of women's shoes admitted under items 700.43, 700.45, and 700.55<sup>45</sup> and the applicable rates of duty. Table 4 shows nonrubber footwear for women, U.S. imports, by selected TSUSA items, 1968-73.

## U.S. Consumption, Production, and Imports

During the period 1965-73, apparent annual U.S. consumption of all women's nonrubber footwear (including dress and casual) rose from an estimated 386 million pairs in 1965 to a peak of 455 million pairs in 1968, and then declined to 402 million pairs in 1973. Annual U.S. production of such footwear declined from 319 million pairs in 1965 to 190 million pairs in 1973. Annual imports tripled during this period, and their share of the market increased without interruption from 17 percent to 53 percent, as shown on page A-8. Italy and Spain have been the principal suppliers of women's leather footwear; the Republic of China (Taiwan) and Japan, the principal suppliers of women's vinyl footwear.

Nonrubber footwear for women: U.S. production, imports for  
consumption, and apparent consumption, 1965-73

Year	Production <u>1/</u>	Imports <u>2/</u>	Apparent consump- tion <u>3/</u>	Ratio of imports to apparent consumption
	<u>Million</u> <u>pairs</u>	<u>Million</u> <u>pairs</u>	<u>Million</u> <u>pairs</u>	<u>Percent</u>
1965-----	319	67	386	17
1966-----	323	70	393	18
1967-----	290	96	386	25
1968-----	322	133	455	29
1969-----	271	139	410	34
1970-----	260	165	425	39
1971-----	237	180	417	43
1972-----	223	198	421	47
1973-----	190	212	402	53

1/ Production represents the output of women's and misses' footwear as reported by the U.S. Bureau of the Census, plus shipments to the U.S. mainland from Puerto Rico.

2/ Partly estimated from the official statistics for footwear of the kinds described in pt. 1, subpart A, of schedule 7 of the TSUSA except imports described in items 700.32, 700.51, 700.52, 700.53, and 700.60 and except zoris (very inexpensive thonged sandals of rubber or plastics), dutiable under item 700.55. Includes imports of misses' footwear, which have been negligible compared with those of women's.

3/ Computed from U.S. production plus imports without an allowance for exports, which in 1973 amounted to about 1 million pairs.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Data on U.S. consumption of women's dress shoes and of women's casual shoes are not reported in official statistics. It is estimated, however, that during 1965-73 apparent annual U.S. consumption (production plus imports) of women's dress footwear was irregular, rising from about 204 million pairs in 1965 to about 231 million in 1968 and thereafter declining to 180 million pairs in 1973. Estimated domestic production of women's dress shoes during this period reached a peak of about 210 million pairs in 1968 and then declined to 127 million pairs in 1973. Estimated imports rose from 4 million pairs in 1965 to 53 million pairs in 1973. The share of apparent annual U.S. consumption of women's dress shoes supplied by imports increased from 2 percent in 1965 to 29 percent in 1973, as shown on page A-10.

Dress shoes for women: U.S. production, imports for consumption,  
and apparent consumption, 1965-73

Year	Production <u>1/</u>	Imports <u>2/</u>	Apparent consump- tion <u>3/</u>	Ratio of imports to apparent consumption
	<u>Million</u> <u>pairs</u>	<u>Million</u> <u>pairs</u>	<u>Million</u> <u>pairs</u>	<u>Percent</u>
1965-----:	200	4	204	2
1966-----:	206	7	213	3
1967-----:	188	11	199	6
1968-----:	210	21	231	9
1969-----:	177	28	205	14
1970-----:	165	36	201	18
1971-----:	156	43	199	22
1972-----:	150	50	200	25
1973-----:	127	53	180	29

1/ Dress shoes are believed to account for about two-thirds of the total annual output of nonrubber footwear for women and misses.

2/ In recent years, dress shoes are estimated to have accounted for about one-fourth of the total annual imports of women's and misses' footwear.

3/ Data represent estimated production plus estimated imports without an allowance for exports, which in 1973 accounted for less than 1 million pairs.

Source: Estimated by the U.S. Tariff Commission, based on official statistics of the U.S. Department of Commerce.

Estimates of the data respecting casual footwear, shown in the table below, indicate that during the 9-year period 1965-73 domestic production of casual footwear trended downward, whereas imports of such footwear more than doubled. Apparent consumption fluctuated between 180 million pairs in 1966 and 224 million pairs in both 1968 and 1970, and amounted to 222 million in 1973. The import share of domestic consumption increased steadily from 35 percent in 1965 to 72 percent in 1973.

Women's casual footwear: Estimated production, imports for consumption, and apparent consumption, 1965-73

Year	Production <u>1/</u>	Imports <u>2/</u>	Apparent consumption <u>3/</u>	Ratio of imports to consumption
	Million pairs	Million pairs	Million pairs	Percent
1965-----	119	63	182	35
1966-----	117	63	180	35
1967-----	102	85	187	45
1968-----	112	112	224	50
1969-----	94	111	205	54
1970-----	95	129	224	58
1971-----	81	137	218	63
1972-----	73	148	221	67
1973-----	63	159	222	72

1/ Casual shoes are believed to account for about one-third of the total annual output of nonrubber footwear for women and misses.

2/ Because of the large volume of low-heeled sandals and other inexpensive footwear entered, casual shoes are estimated to have accounted for about three-fourths of the total annual imports of women's and misses' footwear in recent years.

3/ Data represent estimated production plus estimated imports without an allowance for exports, which in 1973 amounted to less than 1 million pairs.

Source: Estimated by the U.S. Tariff Commission from official statistics of the U.S. Department of Commerce.

## Distribution of Women's Footwear by Price Range

As indicated earlier in this report, the women's shoes produced by Dee-Vee retailed in the range of \$3 to \$12 a pair. The table below indicates that 53 percent of the domestic output of women's shoes in 1972 was sold at wholesale in the price range of \$2.01 to \$6.00 a pair (\$4.00 to \$12.00 at retail).

Women's nonrubber footwear: Percentage distribution of domestic production, by manufacturer's selling prices, 1972 and 1968

Manufacturer's selling price <u>1/</u>	1972	1968
\$1.00 or less-----	-	19.2
\$1.01 to \$2.00-----	0.9	
\$2.01 to \$3.00-----	5.6	48.7
\$3.01 to \$4.00-----	19.9	
\$4.01 to \$5.00-----	16.1	29.3
\$5.01 to \$6.00-----	11.0	
\$6.01 to \$7.00-----	4.5	2.8
\$7.01 to \$8.00-----	7.4	
\$8.01 to \$9.00-----	6.6	
\$9.01 to \$10.00-----	13.3	
\$10.01 to \$12.00-----	11.0	
\$12.01 to \$14.00-----	2.0	
\$14.01 to \$16.00-----	1.2	
\$16.01 to \$18.00-----	.3	
\$18.01 to \$20.00-----	.1	
\$20.01 or more-----	.1	
Total-----	100.0	100.0

1/ The retail selling price is generally twice the manufacturer's selling price.

Source: U.S. Bureau of the Census, Footwear Production by Manufacturers' Selling Price, 1972, July 1973.

Data with respect to the estimated retail price of the imported footwear are shown in the table below.

**Women's nonrubber footwear: Percentage distribution of imported footwear, by estimated retail selling prices, 1972**

Estimated retail selling price	Percent of total
\$3.00 or less-----	33
\$3.01 to \$6.00-----	23
\$6.01 to \$10.00-----	13
\$10.01 to \$16.00-----	18
\$16.01 to \$22.00-----	8
\$22.01 to \$28.00-----	3
\$28.01 or more-----	2
Total-----	100

Source: Estimated by the U.S. Tariff Commission on the basis of imports entered under items 700.4310, 700.4340, 700.4540, and 700.5545 in 1972. Such imports accounted for about 82 percent of the total imports of footwear for women and misses in that year.

## U.S. and Foreign Wage Rates

The table on the following page shows the average hourly earnings and the estimated compensation per hour received by shoe workers in eight countries in 1970, 1971, and 1972. While of some use in comparing the labor costs of the shoe industries in the various countries listed, the table has several shortcomings that make such comparisons inexact. First, in only the United States, Italy, and Hong Kong is the industry definition limited exclusively to footwear. In the other countries the industry classifications are more encompassing. Second, as footnote 1 to the table indicates, published hourly earnings in the various countries differ in composition. Third, total compensation for workers includes varying factors in the eight countries.

Hourly earnings of production workers and estimated total compensation per hour worked  
in specified industries related to footwear in 8 countries, 1970, 1971, and 1972

(In U.S. dollars)

Country	Industry	Published average hourly earnings <sup>1/</sup>			Estimated compensation per hour worked <sup>2/</sup>		
		1970	1971	1972	1970	1971	1972
Brazil-----	Clothing and footwear-----	<sup>3/</sup> \$0.28	<sup>4/</sup>	<sup>4/</sup>	<sup>4/</sup>	<sup>4/</sup>	<sup>4/</sup>
Hong Kong-----	Rubber footwear-----	<sup>5/</sup> .30	\$0.35	\$0.41	<sup>5/</sup> \$0.32	<sup>5/</sup> \$0.37	\$0.44
Italy-----	Footwear <sup>6/</sup> -----	.60	.80	.93	1.09	1.42	1.62
Japan-----	Rubber products, including plastic footwear <sup>7/</sup> -----	.88	1.08	1.49	1.00	1.23	1.69
Korea-----	Rubber and plastic products <sup>7/ 8/</sup> -----	.18	.18	.18	.22	.22	.22
Spain-----	Clothing and footwear <sup>8/</sup> -----	.38	.43	.53	<sup>9/</sup> .55	<sup>9/</sup> .62	.76
Taiwan-----	Rubber and plastic products <sup>7/</sup> -----	<sup>4/</sup>	<sup>4/</sup>	<sup>10/</sup>	<sup>4/</sup>	<sup>4/</sup>	<sup>10/</sup> .23
United States-----	Footwear, excluding rubber-----	2.43	2.53	2.63	2.95	3.09	3.24
	Rubber footwear-----	2.70	2.78	2.88	3.48	3.61	3.77

<sup>1/</sup> Published earnings do not represent the same items of labor compensation in each country because of differences in the treatment of various supplementary benefits. Earnings generally refer to gross cash payments to wage workers before deductions for taxes and social security, and include overtime pay, shift differentials, regular bonuses and premiums, and cost-of-living adjustments. Holiday, vacation, and sick leave pay, bonuses not paid regularly each pay period, and other supplementary benefits are included by some countries and excluded by others. The earnings data are per paid hour for some countries and per hour worked for other countries.

<sup>2/</sup> Compensation refers to all payments made by employers directly to their workers before deductions of any kind, plus employer contributions to legally required insurance programs and private welfare plans for the benefit of employees. The figures on additional compensation per hour worked as a percentage of published earnings are the best estimates currently available to the Bureau of Labor Statistics. The estimates are based primarily on labor costs or labor compensation surveys adjusted to the listed years on the basis of other available data.

<sup>3/</sup> Average for 1969; monthly earnings of 211.60 cruzeiros converted to an hourly basis by assuming 195 hours of work per month.

<sup>4/</sup> Not available.

<sup>5/</sup> Daily earnings converted to an hourly basis by assuming 9 hours of work per day. The compensation figures include pay for time not worked, bonuses, and the value of pay in kind, but not overtime pay or employer contributions to social insurance funds.

<sup>6/</sup> Approximately 15 percent of the workers in the Italian shoe industry are home workers who are paid at a lower wage rate than the factory workers in the industry.

<sup>7/</sup> The shoes shipped from Hong Kong, Japan, Korea and Taiwan to the United States are principally of plastics. Separate data are not available on the plastics footwear industry, except for Hong Kong. Approximately half of the workers in the Japanese plastics shoe industry are home workers who are paid at a lower rate than the factory workers in that industry.

<sup>8/</sup> Including salaried employees.

<sup>9/</sup> The compensation factor included in this figure is employer social security payments, which range from 40 to 50 percent of payroll.

<sup>10/</sup> July - December 1972. The published earnings data are computed per hour worked and include overtime pay, regular premiums, and bonuses; family allowances; the market value of payments in kind; and wages paid to persons absent from work. Compensation figures also include annual bonuses and employer contributions to national insurance.

Source: Based on data provided by U.S. Bureau of Labor Statistics, from the following: Brazil--Yearbook of Labour Statistics 1973, International Labour Office, Geneva; Hong Kong--Annual Departmental Report, 1970-73, Commissioner of Labour, Hong Kong; Italy--Rassegna di Statistiche del Lavoro, various issues, Confederazione General dell'Industria Italiana, Rome; Japan--Year Book of Labour Statistics, various issues, Ministry of Labour, Tokyo; Korea--Monthly Statistics of Korea, various issues, Economic Planning Board, Seoul; Spain--Year Book of Labour Statistics 1973, International Labour Office, Geneva; and Taiwan--Monthly Bulletin of Labor Statistics, November 1973, Directorate-General of Budget, Accounting, and Statistics, Taipei. Conversion from the currencies of the foreign countries in the table to U.S. dollars was made on the basis of average daily exchange rates for the year as reported by the Federal Reserve Bulletin.

Data Relating to Dee-Vee Footwear, Inc.

Corporate structure, plant, and equipment

Dee-Vee Footwear, Inc., Bridgeport, Conn., which ceased operations in June 1973, is a corporation wholly owned by Mr. Dominick Violi, Sr., president. Mr. Dominick Violi, Jr., joined the firm in 1964 as vice president; and Mr. James Violi became secretary-treasurer in 1971. Both are sons of Mr. Violi, Sr.

During the period 1964-71, \* \* \* of Dee-Vee was owned by Alex Lee Wallau, Inc., a distributor of women's hosiery in Stamford, Conn.

\* \* \* \* \*

An arrangement was agreed upon, and this arrangement continued until 1971, when by mutual agreement, Mr. Violi repurchased the \* \* \* share of Dee-Vee from Wallau.

The original plant was opened in 1963 by Mr. Violi as a slipper factory in South Norwalk, Conn. Due to the urban redevelopment of the area, the firm moved to its present location, 304 Bishop Ave., Bridgeport, Conn. in 1964. At this location, the firm occupied a leased single story building comprising approximately 16,500 square feet. The building had been erected about 1920. The equipment, partly owned and partly leased, included both new and old machinery. The machinery owned by the company has been sold, and the leased machinery returned.

Product and prices

The output of Dee-Vee consisted of women's dress and casual footwear with uppers of vinyl and leather--virtually all made by the cement process-- which retailed at prices from \$3 to \$12 a pair. The product line varied from year to year, depending on consumer demand. During 1969-70, slippers (packageable and those of a better grade), and "go go boots" 1/ accounted for the greater part of production; in 1971, high-fashion vinyl boots retailing at about \$9 to \$12 accounted for 50 percent of production. In 1972 and prior to closing in June 1973, casual shoes of suede leather represented about 80 percent of production.

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1/ Mr. Violi described "go go boots" as a white vinyl, mid-calf boot with a front zipper.

Production and sales

As shown in the table below, sales of all footwear produced by Dee-Vee, which approximated production since all shoes were produced on order, fluctuated during the period 1969 through June 1973. Sales of shoes produced by the firm peaked in quantity in 1970 \* \* \* pairs, valued at \* \* \* . In 1971 the quantity of sales decreased to \* \* \* pairs, while the value peaked at \* \* \* reflecting increased production and sales of high-fashion vinyl boots (which accounted for 50 percent of the total sales during that year) that retailed at \$9 to \$12 a pair. Dee-Vee never imported footwear or any materials used in the production of footwear. Mr. Dominick Violi, Jr., stated that Dee-Vee had between \* \* \* dollars' worth of orders on its books when the plant closed, which, according to him, was about average for midyear. These orders were not filled by the company.

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A-19 and A-20

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A-21 through A-29

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Statements by Mr. Dominick Violi, Jr., on the impact of imports

While Mr. Violi expressed the view that the U.S. shoe industry in general was being harmed by imports, he insisted that Dee-Vee was not harmed by foreign-made shoes to any appreciable extent. Mr. Violi stated that his company's small size gave the company the flexibility to avoid potential harm from imports. As an example of the company's foresight and flexibility, Mr. Violi related the events surrounding Dee-Vee's dealings \* \* \* , one of Dee-Vee's customers.

According to Mr. Violi, \* \* \* was an exceptionally large customer for Dee-Vee which preferred to maintain many small accounts rather than a few large accounts. Mr. Violi said that he anticipated that Dee-Vee might lose the \*\*\* account to imports and, therefore, began searching for new orders to replace \*\*\* . Mr. Violi said that Dee-Vee even stopped accepting orders from \*\*\* .

\*\*\* subsequently went to an imported shoe for the type and quality shoe that Dee-Vee had been supplying to \*\*\* . Mr. Violi maintained that his firm's great flexibility insulated Dee-Vee from the damage of foreign competition in this case and in general.

Mr. Violi claimed that Dee-Vee maintained the flexibility to put a shoe into production only \* \* \* after receiving an order.

A-31 through A-35

\* \* \* \* \*

Reasons for closing the plant

Dee-Vee Footwear ceased operation on June 30, 1973. The plant ceased its operations on this date for the annual 2-week vacation. Workers were given their vacation pay, but were not told that the firm would close because, according to Mr. Violi, the decision to close was not made until after extensive discussions among the Violi family members during the period when the plant was closed for vacation.

Mr. Violi said that the most direct reason for closing was the reluctance on the part of the Violi family to assume additional personal liability in obtaining additional \* \* \* financing. This reluctance to subject themselves to additional liability, according to Mr. Violi, was caused by the uncertainty regarding the labor relations of the firm in general and, in particular, the outcome of the contract negotiations.

Mr. Violi also stated that there were uncertainties over future styles and footwear trends and uncertainties concerning raw material availability, but Mr. Violi insisted that Dee-Vee accepted these uncertainties and felt that Dee-Vee could manage them.

APPENDIX A  
STATISTICAL TABLES

Table 1.--U.S. rates of duty applicable to certain footwear of the types provided for in specified TSUS items, July 1, 1934, and GATT concessions to Jan. 1, 1972

TSUS item No.	Abbreviated description	Rate of duty		
		July 1, 1934 <sup>2/</sup>	GATT concession <sup>3/</sup>	
			Rate	Effective date
		Percent ad val.	Percent ad val.	
	Footwear of leather:			
700.32	Slippers <sup>1/</sup> -----	20	10	Jan. 1, 1948-Dec. 31, 1967.
			9	Jan. 1-Dec. 31, 1968.
			8	Jan. 1-Dec. 31, 1969.
			7	Jan. 1-Dec. 31, 1970.
			6	Jan. 1-Dec. 31, 1971.
			5	Jan. 1, 1972.
	"Other" (including cement process):			
700.43	Valued not over \$2.50 per pair-----	20	19	Jan. 1-Dec. 31, 1968.
			18	Jan. 1-Dec. 31, 1969.
			17	Jan. 1-Dec. 31, 1970.
			16	Jan. 1-Dec. 31, 1971.
			15	Jan. 1, 1972.
700.45	Valued over \$2.50 per pair-----	20	18	Jan. 1-Dec. 31, 1968.
			16	Jan. 1-Dec. 31, 1969.
			14	Jan. 1-Dec. 31, 1970.
			12	Jan. 1-Dec. 31, 1971.
			10	Jan. 1, 1972.
700.55	Footwear having uppers of sup- ported vinyl.	Princi- pally 20 <sup>4/</sup>	<sup>5/</sup> 12.5 11 10 8.5 7 6	Aug. 31, 1963-Dec. 31, 1967. Jan. 1-Dec. 31, 1968. Jan. 1-Dec. 31, 1969. Jan. 1-Dec. 31, 1970. Jan. 1-Dec. 31, 1971. Jan. 1, 1972.

<sup>1/</sup> The term "slippers" (item 700.32) means footwear of the slip-on type without laces, buckles, zippers, or other closures, the heel of which is of underwedge construction, and (1) having a leather upper permanently trimmed with a real or imitation fur collar, or (2) having a leather upper and a split leather tread sole (including heel) held together by a blown sponge-rubber midsole created and simultaneously vulcanized thereto.

<sup>2/</sup> Except as noted, the rate on July 1, 1934, was the same as the original rate in the Tariff Act of 1930, effective June 18, 1930.

<sup>3/</sup> For concessions granted in the Kennedy Round, effective Jan. 1, 1968, the table shows staged rates that became effective up to and including Jan. 1, 1972.

<sup>4/</sup> Supported vinyl was not used for shoe uppers until the late 1940's or early 1950's. When footwear with supported vinyl uppers was imported during the 1950's and early 1960's, it was generally dutiable, by virtue of the similitude provisions of par. 1559, at the rate provided for "similar" leather footwear in par. 1530(e). The column 2 rate for item 700.55 is 35 percent.

<sup>5/</sup> The trade-agreement rate established in the TSUS, effective Aug. 31, 1963, under authority of the Tariff Classification Act of 1962 (Public Law 87-456) to replace the wide range of rates previously applicable to the various types of footwear provided for in this TSUS item.

Note.--Pursuant to Presidential Proclamation No. 4074, effective from Aug. 16 to Dec. 19, 1971, the rates of duty on most imported products were increased by the temporary imposition of an additional duty of 10 percent ad valorem or less, as provided for in new subpart C to part 2 of the appendix to the TSUS.

Table 2.--Leather footwear for women and misses, made principally by the cement process (items 700.43 and 700.45): U.S. rates of duty and imports for consumption, 1939, 1946, and 1955-73

Year	Rate of duty <u>1/</u>		Quantity	
	700.43	700.45	700.43	700.45
	Percent	Percent	Million	Million
	ad valorem	ad valorem	pairs	pairs
1939-----	20		2	
1946-----	20		1	
1955-----	20		1	
1956-----	20		1	
1957-----	20		2	
1958-----	20		9	
1959-----	20		5	
1960-----	20		7	
1961-----	20		9	
1962-----	20		12	
1963-----	20		17	
1964-----	20		19	
1965-----	20		21	
1966-----	20		28	
1967-----	20		38	
1968-----	19	18	34	20
1969-----	18	16	29	27
1970-----	17	14	37	35
1971-----	16	12	33	44
1972-----	15	10	25	61
1973 <u>2/</u> -----	15	10	17	69

1/ Statutory rate under par. 1530 (e) for 1939 and 1946 through August 30, 1963, and under TSUS item 700.40 for August 31, 1963 through 1967. Effective January 1, 1968, new items 700.41 (sandals of buffalo leather), 700.43, and 700.45 replaced item 700.40.

2/ U.S. imports of sandals under item 700.41 amounted to about 2 million pairs in this year.

Source: Compiled from official statistics for the U.S. Department of Commerce and partly estimated.

Table 3.--Footwear having supported-vinyl uppers for women and misses (item 700.5545): U.S. rates of duty and imports for consumption, 1934 and 1964-73

Year	Rate of duty Percent ad valorem	Quantity 1,000 pairs	Value 1,000 dollars	Unit value Per pair
1934-----	<u>1/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>
1964-----	<u>3/</u> 12.5	27,574	12,429	\$0.45
1965-----	12.5	29,579	13,564	.46
1966-----	12.5	33,239	17,024	.51
1967-----	12.5	49,767	27,704	.56
1968-----	11.0	68,579	46,603	.68
1969-----	10.0	70,777	55,820	.79
1970-----	8.5	77,288	73,757	.95
1971-----	7.0	86,942	104,196	1.20
1972-----	6.0	89,776	104,907	1.22
1973-----	6.0	96,942	136,036	1.40

1/ During the period before the TSUS became effective, footwear with supported-vinyl uppers (with soles other than india rubber) was generally dutiable by virtue of the similitude provisions of par. 1559 of the Tariff Act of 1930, at a rate provided for similar leather footwear in par. 1530(e), principally 20 percent ad valorem. The column 2 rate for item 700.55 is 35 percent.

2/ Not available.

3/ Rate established in the TSUS, effective Aug. 31, 1963.

Source: Compiled from official statistics of the U.S. Department of Commerce (data for 1964 and 1965 are partly estimated).

Note.--Data are not available on U.S. imports of footwear with supported-vinyl uppers for the years prior to 1964. Such imports were probably negligible in the mid-1950's.

Table 4.--Nonrubber footwear for women: U.S. imports,  
by selected TSUSA items, 1968-73

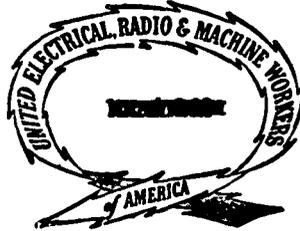
TSUSA item No.:	Description	1968	1969	1970	1971	1972	1973
		Quantity (1,000 pairs)					
	Footwear of leather:						
	Valued not over \$2.50						
	per pair:						
	Casual footwear:						
700.4310	For women-----	19,024	12,025	11,905	8,298	4,189	2,339
	Cement footwear:						
700.4340	For women-----	11,891	13,532	21,159	20,008	17,685	11,679
	Valued over \$2.50 per						
	pair:						
	Casual footwear:						
700.4510	For women-----	1,428	1,922	2,489	3,554	6,348	6,651
	Cement footwear:						
700.4540	For women-----	16,844	22,734	28,471	37,563	51,250	56,991
	Supported-vinyl uppers:						
700.5545	For women and misses	68,579	70,777	77,288	86,942	89,776	96,942
	Total-----	117,806	120,980	141,312	156,365	169,248	174,602
		Value (1,000 dollars)					
	Footwear of leather:						
	Valued not over \$2.50						
	per pair:						
	Casual footwear:						
700.4310	For women-----	27,539	17,749	18,238	13,256	7,084	4,043
	Cement footwear:						
700.4340	For women-----	19,265	22,144	35,614	34,437	30,153	20,778
	Valued over \$2.50 per						
	pair:						
	Casual footwear:						
700.4510	For women-----	5,293	7,889	10,007	13,711	24,701	28,292
	Cement footwear:						
700.4540	For women-----	76,236	112,866	146,161	193,846	262,403	304,036
	Supported-vinyl uppers:						
700.5545	For women and misses---	46,603	55,820	73,757	104,196	109,907	136,036
	Total-----	174,936	216,478	283,778	359,446	434,248	493,525
		Unit value (per pair)					
	Footwear of leather:						
	Valued not over \$2.50						
	per pair:						
	Casual footwear:						
700.4310	For women-----	\$1.44	\$1.48	\$1.53	\$1.60	\$1.69	1.73
	Cement footwear:						
700.4340	For women-----	1.62	1.64	1.68	1.72	1.70	1.78
	Valued over \$2.50 per						
	pair:						
	Casual footwear:						
700.4510	For women-----	3.70	4.11	4.02	3.86	3.89	4.25
	Cement footwear:						
700.4540	For women-----	4.51	4.96	5.13	5.16	5.12	5.34
	Supported-vinyl uppers:						
700.5545	For women and misses---	.67	.79	.95	1.20	1.22	1.40
	Average-----	\$1.48	\$1.79	\$2.01	\$2.30	\$2.57	\$2.83

Source: Compiled from official statistics of the U.S. Department of Commerce.

APPENDIX B

LETTER FROM UNITED ELECTRICAL, RADIO AND MACHINE WORKERS OF AMERICA  
AND  
THE OUTLINE OF THE PRODUCTION CONTROL SYSTEM FROM DEE-VEE FOOTWEAR, INC.

# United Electrical, Radio and Machine Workers of America



241 ORANGE STREET, NEW HAVEN, CONN. 06511



March 20, 1974

Mr. Leo F. Dougherty, Commodity Analyst  
United States Tariff Commission  
Washington, D.C. 20436

Dear Sir:

As you requested, I am submitting herein a copy of the production quota plan instituted sometime in mid-1972 by DEE-VEE Footwear, Inc.

The Company applied this plan until it terminated operations in mid-1973.

The problem was two-fold, as far as the employees were concerned. First, the Company unilaterally and arbitrarily established quotas, many of which were impossible to attain. Second, the extra effort required to meet the established quotas was not compensated by extra earnings.

When The UE submitted proposals to the Company in March, 1973, it was based on these employee objections to the Company plan, but we attempted to convert the plan into an incentive system of pay, but no agreement was arrived at, and since the Company discontinued operations before a final contract was consummated, no change in the company plan was accomplished.

Yours truly,

*Harry Kaplan*  
Harry Kaplan, UE Field Organizer

**DEE-VEE FOOTWEAR, INC.**

304 BISHOP AVENUE

BRIDGEPORT, CONNECTICUT 06610

366-5847

366-5848

**PRODUCTION CONTROL SYSTEM**

**I Purposes**

**A. Management Tools**

1. Customer Delivery information - this system allows management to accurately predict delivery of orders. It has been shown that accurate delivery information results in increased reorder business and less cancellations.
2. Production Planning - utilizing the standards developed under this system, management can plan their factory load in advance of the delivery dates.
3. Financial Planning - due to advanced knowledge of when shoes will have to be produced, management can, with this system, set up financial arrangements for labor and materials, and equipment acquisition with its banking sources.

**B. Supervisor Control**

1. Foreman Effectivity Control - provides management with feed back as to goods produced by each department.
2. Machine Down Time - this system permits management to evaluate preventive maintenance of equipment by department.
3. Lost Time - management has found, by this system, that supervisors do not allocate work properly.
4. Employee Problems - this system requires that the supervisor visit each employee at a regular interval to help them with their problems.
5. Establish Correct Sequence of Operations - the coupon ticket provides the supervisor with a sequence of operation thereby eliminating and confusion in the department.

### C. Financial Control

1. Work in Process Control - this system permits the company to regulate the amount of work backlogged in each department.
2. Inventory Control - it facilitates managements ability to predict accurately arrival date of raw material and thereby lessen the strain on cash flow.
3. Cost Control
  - a. Machinery and Equipment "Buy or Sell Decision"
  - b. Proper machine utilization
  - c. Accurate Production Cost Information - eliminates guess work costing
  - d. Accurate Pricing - eliminates lost business due to overvalued or undervalued selling price.

### D. Production Control

1. Production Scheduling - this system generates the information to match the capacities of each department to provide a balanced flow of work.
2. Machine Capacity - permits management to know at what point a particular machine is overloaded.
3. Lost Time - this system gives management the feedback necessary to take corrective measures to eliminate work stoppages.
4. Crewing and Planning - this system allows us enough lead time to establish how many people we will have to hire as our business increases. It also gives the company the opportunity to transfer employees between departments rather than laying off.
5. Establish Correct Sequence of Operations - system forces the supervisor to plan in advance for the work he is to receive and to crew up his department properly.

**E. Employee Morale**

1. Individual Work Measurement - management has determined that much employee frustration has developed for the following reason:
  - a. Supervisors have been making unreasonable requests for more production than the employee was physically able to do.
  - b. Supervisors were comparing employees rather than the degree of difficulty of work performed.
  - c. To enable the employee to measure his own performance against a reasonable expectancy and secure themselves with the knowledge that they are performing up to company expectations.
2. Lost Time - information has been generated by this system that employees were being accused of not working when in actuality they were not being supplied with the proper amount of work.
3. Machine Down Time - Often an employee was forced to work on a faulty piece of equipment frustrating their sincere efforts to perform his job. This system requires the supervisor to visit each employee at a regular interval inquiring as to their problems, if any, trying to help them.
4. Elimination of Discrimination and Favoritism - it has been found that employees were judged by supervisors solely on whether they were considered troublesome or amiable and not on the ability to perform their job. This system reduces the likelihood of management receiving unjust reports on individuals.
5. Provide information as to best Machine for Job - often employees were told to work on machines which caused excessive fatigue. With this system the best machine for each job is utilized whenever possible.

## II Procedure used to Determine Reasonable Expectancy (RE)

The procedure used to determine a reasonable expectancy from a particular operation is as follows:

1. The observer initially will insure that the job is being done properly (ie. correct machine, correct conditions, correct procedure.)
2. Once it has been determined that the job is being done correctly, he will then note all the integral parts of that operation, (ie. handling, trimming, stacking etc.)
3. After the above has been taken into account, he will then observe how many units are being produced in a certain time period of an 18 pair case or 16 minutes whichever is longer. This enables us to see all elements of what the job entails and to develop reasonable numbers, rather than stop watch, ideal figure.
4. After a reasonable number of observations have been taken, he will then set the reasonable expectancy.
5. This reasonable expectancy will then be changed into points per case.

The above procedure results in a reasonable expectancy of a job barring any unforeseen problems. Management realizes however that no one, under a day work wage system, would be willing to produce at 100%. Management has acknowledged this fact and has instructed its supervisory personnel to ask for 75% as a reasonable days work. Consequently, when 75% is not attained management knows that the worker must be having a problem and can assist the worker in getting rid of their problem.



