

**UNITED STATES TARIFF COMMISSION**

**TOYS, DOLLS, MODELS, AND GAMES:  
PRODUCTION AND MAINTENANCE WORKERS OF MATTEL, INC.  
AT HAWTHORNE AND CITY OF INDUSTRY, CALIFORNIA**

**Report to the President  
on Investigation Nos. TEA-W-66 and TEA-W-67  
Under Section 301(c)(2) of the Trade Expansion Act of 1962**



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## CONTENTS

	<u>Page</u>
Report to the President-----	1
Finding of the Commission-----	2
Considerations supporting the Commission's finding-----	3
Information obtained in the investigation:	
Description of articles-----	A-1
U.S. tariff treatment-----	A-5
U.S. consumption-----	A-8
U.S. imports-----	A-9
Imports of toy articles under item 807.00-----	A-10
Imports of toy articles by Mattel-----	A-11
Significance of item 807.00 to Mattel-----	A-11
U.S. producers and production-----	A-11
Marketing practices and prices-----	A-12
Operations of Mattel, Inc-----	A-14
Production and sales-----	A-15
Labor relations-----	A-16
Employment and productivity-----	A-17
Unemployment and underemployment-----	A-18
Factors in unemployment-----	A-19
Appendix A--Statistical tables-----	A-20
Appendix B--Average monthly employment and average number of hours worked per week per worker, certain Mattel plants, 1969-70-----	A-30
Union Locals' membership records, by month, 1966-70 and January 1971-----	A-33
Notice of lay-off-----	A-35
Letter from Local 766 to its members-----	A-36

Information obtained in the investigation - Continued

TABLES

	<u>Page</u>
Table 1.--Toys: U.S. rates of duty applicable to specified TSUS items, 1930-72 and U.S. imports for consumption, specified years, 1937-70-----	A-21
Table 2.--Toys: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1965-70-----	A-23
Table 3.--Toys other than dolls, models, and games: U.S. imports for consumption, by principal sources, 1965-70-----	A-24
Table 4.--Toy dolls: U.S. imports for consumption, by principal sources, 1965-70-----	A-25
Table 5.--Toy models: U.S. imports for consumption, by principal sources, 1965-70-----	A-26
Table 6.--Toy games: U.S. imports for consumption, by principal sources, 1965-70-----	A-27
Table 7.--Toys, dolls, and models: U.S. imports for consumption, by Mattel, Inc., by country, 1966-70-----	A-28
Table 8.--Toys, dolls, and models: U.S. imports for consumption by Mattel, Inc. under TSUS item 807.00, by country, 1966-70-----	A-29

Note.--The whole of the Commission's report to the President may not be made public since it contains certain information that would result in the disclosure of the operations of individual concerns. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

REPORT TO THE PRESIDENT

U.S. Tariff Commission  
March 16, 1971

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act of 1962 (76 Stat. 885), the U.S. Tariff Commission herein reports the results of investigations made under section 301(c)(2) of the Act in response to petitions filed by two groups of workers.

On January 15, 1971, the International United Rubber, Cork, Linoleum, and Plastic Workers of America, AFL-CIO, CIC (URW) filed petitions under section 301(a)(2) of the Trade Expansion Act for determination of eligibility to apply for adjustment assistance on behalf of certain production and maintenance workers, members of Local Union 458, URW, and Local Union 766, URW, formerly employed by the Mattel Corp., at Hawthorne, Calif., and City of Industry, Calif., respectively, in the production of toys, dolls, models, and games.

On January 22, 1971, the Commission instituted investigations (TEA-W-66 and TEA-W-67) to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with the toys, dolls, models, and games produced by the respective plants 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 workers of the plants.

Public notice of these investigations was given in the Federal Register (36 F.R. 1445) on January 29, 1971. No hearing was requested and none was held.

The information in this report was obtained principally from the petitioners, the officials of Mattel, Inc., the State of California Department of Human Resources Development, and from the Commission files.

#### Findings of the Commission

On the basis of its investigations, the Commission finds unanimously that articles like or directly competitive with the toys, dolls, models, and games produced by the Mattel Corporation at Hawthorne and City of Industry, California, 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 workers at the plants concerned.

### Considerations Supporting the Commission's Finding

Our determination with respect to the two petitions before the Commission in this investigation is in the negative because all of the criteria established by section 301(c)(2) of the Trade Expansion Act of 1962 have not been met. Before an affirmative determination could be made, it would have to be established that each of the following conditions had been satisfied:

- (1) Articles like or directly competitive with the toys, dolls, models, and games produced at the domestic plants concerned are being imported in increased quantities;
- (2) the increased imports are in major part the result of concessions granted under trade agreements;
- (3) a significant number or proportion of the workers at the plants are unemployed or underemployed or are threatened therewith; and
- (4) the increased imports resulting in major part from trade-agreement concessions have been the major factor causing or threatening to cause the unemployment or underemployment.

In the case at hand we have concluded that condition (2) has not been satisfied, namely, that the increased imports are not in major part the result of trade-agreement concessions. We have, therefore, made a negative determination.

This investigation relates to petitions filed on behalf of workers at two plants of Mattel Corporation--one located at Hawthorne and the other at City of Industry, California. A wide variety of toys, dolls, models, and games (hereinafter referred to as toy articles) have been manufactured at the two plants, annual output consisting of as

many as \* \* \* in recent years. Mattel is an international corporation, operating six manufacturing plants in the United States and plants in Mexico, Hong Kong, Taiwan, West Germany, Italy, and the United Kingdom. Mattel imports \* \* \* of toy articles from its foreign plants--some entering under the regular provisions of the Tariff Schedules of the United States (TSUS) and some under item 807.00 of the TSUS (pursuant to which the applicable duty is assessed on the value of the imported article less the value of U.S. components contained therein). In 1970 Mattel's domestic shipments of the articles involved were valued at about \* \* \* while its total imports of such articles were valued at \* \* \* and its imports under item 807.00, at \* \* \*.

Imported articles like or directly competitive with those produced by the Hawthorne and City of Industry plants of Mattel are imported into the United States in substantial volume--some by Mattel itself and some by competitors. Generally, the cost of such imported articles is substantially less than the cost of comparable articles produced in the United States. \* \* \* similar price relationships prevail between certain \* \* \*. Even if the duty reductions had not been made, the cost of the imported articles would be considerably below that of the domestic articles, and the current volume of imports would likely have occurred.



The differences in labor costs in the production of the toy articles here considered between the United States and the principal foreign supplying countries have been a more significant factor than the reductions in duty resulting from trade-agreement concessions. The production of toy articles is highly labor intensive. According to \* \* \* material costs do not vary widely among countries. Differences in labor costs, however, cause marked differences in production costs between countries. In 1969, the hourly earnings of workers producing toys averaged \$2.59 in the United States; hourly earnings of toy workers in countries supplying the major part of the imports of such articles averaged 12 cents in Taiwan, 16 cents in Hong Kong, 61 cents in Japan, and 65 cents in Mexico. Since toy production is largely an assembly operation and workers in the major foreign supplying countries are efficient in such assembly, the low hourly earnings in foreign countries are in great part translated into low unit labor costs. This factor--the labor cost differential between the United States and foreign countries--has been the predominant factor causing increased imports of toy articles into the United States.

With respect to the Hawthorne and City of Industry plants of Mattel, the employment opportunities were affected by \* \* \*

In view of the above circumstances, we have concluded that trade-agreement concessions were not the major factor causing increased imports, and have reached a negative determination.



## INFORMATION OBTAINED IN THE INVESTIGATION

## Description of Articles

Mattel, Inc., produces a wide variety of toys, dolls, models and games for children of all ages-- \* \* \* The popularity of these articles is apparent by their continued success over the past several years. The "Barbie Doll" and "Hot Wheels" are probably the best known. The following paragraphs describe (1) toys, (2) dolls, (3) models, and (4) games, in that order.

For the purpose of tariff classification, a toy is any article chiefly used for the amusement of children or adults. A great number of children's toys are representations of articles used by adults, but which are of simple or light construction. Other toys include such items as inflatable figures of animate objects, toy figures of animate objects, building blocks, toy musical instruments, tops, marbles, whistles and hundreds of other articles.

Mattel's plants in Hawthorne and City of Industry produced a wide variety of toys under trademark or patented names. These include toys for pre-schoolers such as See 'N Say (talking toys), Musical Ge-tars, Mattel-O-Phone, and Mattel-A-Time; Tog'ls (various building sets); Sea Devils (toys related to activities connected with water); Wizzzers (toys with some type of spinning action); Picture Makers (which may include drawing boards, picture cards, pens, pencils, and paper);

Thingmakers (toy sets such as Jillions of Jewels and Hot Wheels Factory); Ramrods (various kinds of toy guns); and Star Seekers (space toys).

Dolls are made of a variety of materials, including plastics, rubber, wood, metal or cloth. \* \* \*

Models may be full-scale or miniature representations of the objects depicted. Most models are made primarily of plastics, wood, metals, and to a lesser extent, rubber and clay. Models produced at Mattel's plants \* \* \*

Games, which are usually for amusement or pastime and require a competitive activity involving skill or chance, are generally played on boards of special design; there are, however, a large variety of other articles and equipment for types of games involving some physical exercise or skill as well as for a multitude of other types of games. Mattel's \* \* \*

Imported toys of the types produced by the two domestic plants where the petitioning workers were employed are classified for duty purposes in the Tariff Schedules of the United States (TSUS) in 13 items shown in the following table.

Toys: TSUS classifications of imported toys like those produced in the petitioning workers' plants

<u>TSUS</u> <u>item</u>	<u>Description</u>
	Toy figures of animate objects:
	Not having a spring mechanism:
	Stuffed:
737.25	Valued N/O 10 cents per inch of height.
737.30	Valued over 10 cents per inch of height.
	Not stuffed:
737.35	Wholly or almost wholly of metal
737.40	Other
	Having a spring mechanism:
737.45	Wholly or almost wholly of metal
737.50	Other
737.52	Toy books
737.55	Toy alphabet and building blocks, bricks and shapes.
737.60	Toy musical instruments
737.65	Magic tricks and practical joke articles.
737.70	Confetti, party favors and noisemakers.
	Other toys and parts:
737.80	Having a spring mechanism
737.90	Other

About three-fourths of the combined imports under these 13 items in 1969 and 1970 were admitted under TSUS item 737.90, toys and parts not specially provided for and not having a spring mechanism; most of the remainder of toy imports in 1969 and 1970 consisted of toy figures of animate objects admitted under items 737.25 through 737.50, predominantly stuffed toy figures.

Imported dolls, doll parts, and doll clothing entered separately are admitted under TSUS item 737.20. About three-fourths of the imports under this item in 1969 and 1970 consisted of complete dolls (both dressed and undressed), 20 to 25 percent was doll clothing imported separately, and the remainder was parts of dolls.

Imported models of the types produced by the two plants are admitted under TSUS items 737.07, 737.09, or 737.15, depending on the type and scale of the model. Certain designated articles, made to scale of the actual article at a ratio of 1 to 85 or smaller, are admitted under TSUS item 737.07; imports under this item in 1969 and 1970 accounted for 41 and 34 percent, respectively, of the combined imports under the 3 TSUS items. Construction kits or sets with construction units prefabricated to precise scale of the actual article are admitted under item 737.09; imports under this item in 1969 and 1970 amounted to about 8 percent of the combined imports. \* \* \* Models and construction kits or sets not provided for by items 737.07 or 737.09, including less exact representations of the original articles, are admitted under item 737.15; imports under this item in 1969 and 1970 accounted for 51 and 58 percent, respectively, of the combined imports under the 3 TSUS items.

Imported games of the types formerly produced by workers of Mattel's plants in Hawthorne and City of Industry petitioning for determination of eligibility to apply for adjustment assistance are classified for duty purposes in TSUS item 734.15, which provides for games played on boards of special design, mah-jong and dominoes, combinations of these with other games when packaged together as a unit for retail sales, and poker chips and dice. \* \* \*

Unless otherwise indicated, for convenience, the toys, dolls, models and games included in this report will hereinafter be referred to as "toys."

## U.S. Tariff Treatment

Eighty-five percent of the total imports of toys in 1970 entered under TSUS item numbers 734.15, 737.07, 737.15, 737.20 and 737.90. The remaining fifteen percent were admitted under twelve TSUS item numbers for certain toys, including toy figures of animate objects, toy books, blocks, musical instruments, magic tricks and party favors. Prior to the Kennedy Round, most of the concession rates on the articles considered here were granted under the General Agreement on Tariffs and Trade (GATT) and were effective principally during the mid-1950's. The following paragraphs indicate the classification of articles under the Tariff Act of 1930 and the TSUS. The trade agreement concessions granted on the major classes are shown in detail in table 1 in the appendix.

The largest volume of imports of toys in 1970 (45 percent) was admitted under item 737.90, which provides for toys and parts not specially provided for and not having a spring mechanism. Prior to the effective date of the TSUS (Aug. 31, 1963) these toys were dutiable under the provisions of paragraphs 397 and 1513 of the Tariff Act of 1930. The rates of duty were 1¢ each and 60 percent ad valorem for toys having movable parts as well as certain toy parts, 1¢ each and 50 percent ad valorem for toys having no movable parts, 45 percent ad valorem if composed wholly or in chief value of metal, and 70 percent ad valorem for all other toys. A weighted average rate

of 35 percent ad valorem became effective on the adoption of the TSUS in 1963.

The second largest volume of imports in 1970 (29 percent) was admitted under item 737.20 which provides for dolls and parts of dolls including doll clothing. Prior to the effective date of the TSUS, these dolls and parts were dutiable under the provisions of paragraph 1513 of the 1930 Act. The rates of duty provided were 1¢ each and 60 percent ad valorem for dolls having any movable member or part, 1¢ each and 50 percent ad valorem for dolls not having any movable member or part, 1¢ each and 50 percent ad valorem for parts of both types of dolls, 90 percent ad valorem if composed in any part of certain laces and fabrics, and 70 percent ad valorem for all other dolls and parts of dolls. In 1963, a weighted average rate of 35 percent ad valorem for the several GATT rates then existing for dolls and parts became effective on the adoption of the TSUS.

Imports admitted under item 737.15 includes models and construction kits or sets not provided for by items 737.07 and 737.09. These imports are generally less exact representations of the original article and models not made to precise scale. These articles were originally dutiable at 70 percent ad valorem under paragraph 1513 of the Tariff Act of 1930. In 1963, a weighted average rate of 35 percent ad valorem for the several rates then existing became effective on adoption of the TSUS.

Item 737.07 provides for certain designated models made to scale of the actual article at a ratio of 1 to 85 or smaller. The rates of duty established under the Tariff Act of 1930 for such models were



35 percent ad valorem if the model had as an essential feature an electrical element or device (par. 353); 45 percent ad valorem if composed wholly or in chief value of metal (par. 397); and 70 percent ad valorem for all other such models in paragraph 1513. In 1963, a weighted average rate of 16 percent ad valorem for the several rates then existing was adopted for this TSUS item number.

Item 734.15 provides for certain designated games such as those played on boards of special design, mah-jong and dominoes, and combinations of these with other games. The rates of duty established under the Tariff Act of 1930 for such games were 80 percent ad valorem as provided for in paragraph 31 if made of cellulose; 45 percent ad valorem under paragraph 397 if made of metal;  $33\frac{1}{3}$  percent ad valorem under paragraph 412 if made of wood; 35 percent ad valorem under paragraph 413 if made of paper; 50 percent ad valorem under paragraph 1512, which specifically provided for certain games; and 50¢ per lb. plus 40 percent ad valorem under paragraph 1539 if in chief value of laminated products. In 1963, a weighted average rate of 20 percent ad valorem for the several GATT rates then existing was adopted for these articles on the advent of the TSUS.

All rates for all toys were modified as a result of concessions granted by the United States in the Kennedy Round of trade negotiations under the Gatt with the exception of toy books (item 737.52). The reductions generally averaged 50 percent staged over the 5-year period 1968-72. Toy books (737.52) were made duty free, effective February 1, 1967, pursuant to Public Law 89-651.

Another tariff provision pertinent to the present investigation, by reason of the particular circumstances involved, is TSUS item 807.00, which permits importation free of duty of components fabricated in the United States, that are assembled in a foreign country and brought back in assembled form. The applicable duty is assessed on the value of the assembled product, less the value of the U.S.-made components contained in it. The importations made under the provisions of item 807.00, to the extent they are subject to duties, are assessed such duties based upon the GATT agreement concession rates applicable to the imported article.

#### U.S. Consumption

Apparent annual U.S. consumption of toys almost doubled in value during the period 1965-70, increasing from \$946 million in 1965 to \$1.8 billion in 1970 (table 2). During the period, imports steadily increased their share of the U.S. market, from 8.3 percent to 12.2 percent. Annual U.S. exports declined by about 9 percent.

The market for toys is determined largely by the number of children in the total population (about 30 percent), and changes in average family income. New materials and designs, imaginative packaging, and vigorous advertising have also stimulated increased consumption of toys in the United States.

## U.S. Imports

U.S. imports of toys almost tripled during the period 1965-70, increasing in value from \$79 million in 1965 to \$216 million in 1970 (table 2). In 1970, about 59 percent of the imports consisted of toys; 29 percent, dolls; 10 percent, models; and the remaining 2 percent, games.

Although U.S. imports of toys were supplied by many countries during 1965-70, Japan and Hong Kong were the principal sources. They each supplied about a third of the aggregate imports; Japan was the major source for toys and Hong Kong the major source for dolls and models. The United Kingdom, followed by Japan, was the principal source of imports of games (tables 3, 4, 5, and 6).

Included in the import statistics discussed above are data on imports of toys entered under the provisions of TSUS item 807.00. Data on imports under item 807.00 are not customarily reported separately but only with those of fully dutiable imports in the item numbers in Schedules 1-7 where they would be classified were they not within the purview of item 807.00. Separate statistics respecting imports under item 807.00 in 1966-69, however, were supplied the Commission by the U.S. Department of Commerce in connection with the investigation (No. 332-61) of the economic factors affecting the use of item 807.00. These statistics form the basis for the following discussion on the scope of imports of toys under item 807.00. Not included in these statistics are imports of games under item 807.00; such imports were nil in 1966-67 and negligible in 1968-69.

Imports of toys under item 807.00

Imports of toys with duty allowance under the provisions of item 807.00 began to enter the U.S. in volume in 1966 and have accounted for increasingly larger proportions of all imports of toys in subsequent years. During 1966-69 1/ the value of imports of toys under item 807.00 increased many times while the value of total imports of similar toys under the same TSUS item numbers about doubled. The relationship between imports under item 807.00 and total imports of comparable toys for the years 1966-69 is shown in the following table, compiled from official statistics of the U.S. Department of Commerce.

Toys: Total U.S. imports of similar toys, 1/ and imports entered under TSUS item 807.00, 1966-69

Year	Total imports	Imports under item 807.00	Ratio of 807.00 imports to total imports of toys
	(1,000 dollars)	(1,000 dollars)	(Percent)
1966-----	83,297	682	0.8
1967-----	97,604	2,639	2.7
1968-----	138,077	12,934	9.4
1969-----	162,994	22,216	13.6

1/ Total imports include only imports for the TSUS numbers in schedule 7 under which 807.00 entries occurred; therefore, these figures differ from those shown for imports of toys in table 2.

The principal toys entered under item 807.00 are dolls (about 50 percent of such imports), and models and toy figures (about 20 percent); the remainder consists of a wide variety of other assembled toys and toy parts.

1/ 1969 is the latest year for which official statistics are available on imports under item 807.00.

Mexico and Hong Kong are the principal suppliers of toys imported under item 807.00; Mexico supplied about 78 percent of such imports and Hong Kong about 17 percent in 1969. Other suppliers include Japan, Taiwan, Canada, Haiti and Colombia.

Imports of toys by Mattel

\* \* \* \* \*

Significance of item 807.00 to Mattel

\* \* \* \* \*

Annual imports by Mattel, Inc. under TSUS item 807.00:  
Total value, U.S. value and dutiable value, 1966-70

\* \* \* \* \*

U.S. Producers and Production

In 1967, there were about 1,000 establishments that manufactured toys in the United States; about one-half are situated in the Middle Atlantic States, one-fifth in the East North Central States, and one-fifth in the West. The 50 largest companies produce over 60 percent of U.S. shipments of toys and more than 75 percent of the shipments of dolls. Almost 500 companies are relatively small and employ fewer than 20 employees each.

Since 1963, the number of establishments producing these articles has declined by about 15 percent. There has also been a trend toward vertical integration of toy and doll producers, i.e., the production of toy and doll components by makers of the finished product, and toward increased mechanization in the industry. These changes result

from the larger firms increasing their share of the market through advertising and product development, through acquisition by other consumer-oriented companies (such as General Mills and Quaker Oats), and other competitive factors.

Although some toy manufacturers produce items other than toys, the overwhelming majority produce only toys; virtually all doll manufacturers produce only dolls. The primary product specialization ratio (toys and dolls as a percentage of total output) was 87 percent for toys and 99 percent for dolls in 1967. The great bulk of the income of these producers is derived from the products in question.

The United States is by far the free world's leading producer and consumer of toys, dolls, models, and games; the domestic output supplies more than 87 percent of consumption in the United States. The value of U.S. production of toys, dolls, models, and games increased from \$900 million in 1965 to almost \$1.6 billion in 1970 (table 2).

#### Marketing Practices and Prices

Marketing of toys is highly seasonal--45 percent of all toys are sold during November and December. Manufacturers of toys receive the bulk of their orders between May and July and fill them between June and November.

Toys are sold in almost every kind of retail outlet, including hardware stores, auto supply stores, grocery supermarkets, and drug stores. However, more toy dollars are spent in department stores and discount houses (about 18 percent in each) than elsewhere.

Marketing is done through wholesalers, independent jobbers, and  
\* \* \* through direct sales to retail outlets. \* \* \*

Retail prices range from under 50¢, which account for about 18  
percent of all units sold, to \$15 and over, which account for about  
4 percent of all units sold. \* \* \*

\* \* \* the following table compares the U.S. cost with that of  
a similar die cast car \* \* \* and delivered in the United States (under  
TSUS item 737.15). The imported cost includes the rate of 17.5 per-  
cent effective in 1972 under the Kennedy Round, the rate of 21 percent  
applicable in 1971, the rate of 35 percent applicable in 1967 prior to  
the Kennedy Round, and the rate of 70 percent that would have been  
applicable if the 1930 rate were still in effect in 1971.

Die cast cars: Delivered cost, imported vs domestically  
produced article, at various rates of duty

\* \* \* \* \*

The following tables compare the U.S. cost of certain toys with  
those of similar articles produced in Mexico by Mattel and imported  
under item 807.00, applying various rates of duty to the dutiable  
portion of the articles.

\* \* \*: Delivered cost, 807.00 vs domestically  
produced articles, at various rates of duty

\* \* \* \* \*

\* \* \*: Delivered cost, 807.00 vs domestically produced articles, at various rates of duty

\* \* \* \* \*

### Operations of Mattel, Inc.

Mattel Inc., was founded in 1945, and incorporated in 1948. It is the largest company in the toy industry; its share of the domestic toy market in 1970 was about \* \* \* and of the free world market about \* \* \*

In 1952 Mattel's net sales passed the \$5 million mark. In 1958 the need for expanded facilities resulted in the first use of the present Hawthorne site and the completion of a 70,000 sq. ft. building there, which today has grown to \* \* \* In 1959, the most successful product in Mattel history was introduced--the Barbie Doll-- and in that same year sales were over \$18 million.

In 1960 the company became publicly owned, and in 1963, its common stock was listed on the New York Stock Exchange. In that same year, the company achieved annual sales of more than \$96 million. To accommodate this rapid growth, the company opened the City of Industry facilities which today cover over \* \* \*

In 1964, Mattel opened its first European sales office in Geneva, Switzerland. Since then they have acquired a Hong Kong manufacturing company, a doll company in West Germany, built a new manufacturing facility in Taiwan, and bought Rosebud Dolls, Limited, a leading British doll company. Further steps in the company's foreign expansion program were the establishment of an assembly plant in



Mexico (807.00) \* \* \* a Japanese marketing joint venture, and the acquisition of two important Italian toy companies. Mattel also purchased a toy distribution company in Belgium, serving the Benelux and French markets.

In 1965 Mattel made its first domestic acquisition with the purchase of \* \* \* and in 1968 the acquisition of \* \* \* In 1969 Metaframe Corp., a manufacturer and distributor of aquariums and other pet products and accessories was acquired; also in 1969, Turco Manufacturing Co., a producer of playground equipment was acquired. Annual total net sales for Mattel of all items rose to \* \* \* On February 1, 1971, Mattel announced the signing of a merger agreement with Ringling Brothers Barnum and Baily Combined Shows, Inc.

Production and sales

In addition to the output of Hawthorne and City of Industry, Mattel also \* \* \* The value of shipments \* \* \* during the period 1966-70 is shown in the following table.

Toys: Shipments by Mattel, Inc. from its  
U.S. plants, 1966-70

\* \* \* \* \*

The value of shipments of toys by Mattel at its Mexican plant (known as Mextel), \* \* \* amounted to \* \* \*

\* \* \* \* \*

\* \* \* \* \*

Mattel's total sales of toys in the U.S. market, including both those imported and those produced domestically, \* \* \* These data are shown in the following table, along with their relationship to apparent U.S. consumption.

Toys: Total sales by Mattel, Inc.,  
in the United States, 1966-70

\* \* \* \* \*

Labor relations

Mattel's production and maintenance workers at all of its facilities in California are represented by the International United Rubber, Cork, Linoleum, and Plastic Workers of America, AFL-CIO, CLC. Local 458 of this union represents the workers at the Hawthorne plant and Local 766 represents workers at the City of Industry plant and those who work at distribution centers. The contract agreement between the company and the two Locals, together, is of the "closed shop" type, i.e., newly hired workers are required to join the union as a condition of employment. The contract provides, in case of lay-offs, for retention of the workers having the greatest seniority, by transfer on a plant-wide basis where possible. Employees, as a group, are given one working day notice of lay-off. 1/

Employees who have attained seniority status and are laid off due to seasonal contraction have a right to be recalled to work, most senior first, as manpower requirements increase. They generally remain on the recall list until they either return to work or are offered

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1/ See Appendix B for a copy of the latest lay-off notice, dated February 4, 1971, for workers at the City of Industry plant.

the opportunity to return and decline the opportunity. Lay-offs due to contraction generally occur in the latter part of the year and recalls during the first several months of the following year.

In 1964 there was a 5-week strike at Hawthorne and City of Industry (both Locals are covered by the same contract), followed by a settlement providing a 3-year contract. The latest 3-year contract became effective March 1, 1970.

\* \* \* \* \*

Employment and productivity

\* \* \* \* \*

Production and maintenance workers: Average number of workers employed at specified plants of Mattel, Inc. 1966-70

\* \* \* \* \*

According to a recent union survey, approximately 70 percent of the work force are women, 70 percent are married or heads of households and the average age is 30.

\* \* \* \* \*

Man-hours: Number worked at specified plants of Mattel, Inc., 1966-70

\* \* \* \* \*

The large number of heterogeneous toys produced by Mattel along with changes in the product mix do not permit any readily apparent measure of productivity. \* \* \*

Unemployment or underemployment

As suggested earlier, employment at Mattel's Hawthorne and City of Industry plants varied seasonally. Employment generally grew in the summer, peaked in the fall, and then declined through the spring.

\* \* \* \* \*

Production and maintenance workers: Average number of workers employed monthly at Hawthorne and City of Industry plants, 1969-70

\* \* \* \* \*

Production and maintenance workers: Number of new employees hired at specified plants of Mattel, Inc., 1969-70

\* \* \* \* \*

Man-hours: Average number worked per week per worker, Hawthorne and City of Industry plants, 1969-70

\* \* \* \* \*

For comparison purposes, similar data on average monthly employment and average number of hours worked per week per worker for \* \* \* may be found in Appendix B. Also in Appendix B are tabulations supplied by the union showing the number of workers at Hawthorne and City of Industry for which it received check-off union dues each month from the company during the period 1966-70 and January 1971.

According to data supplied by the California Department of Human Resources Development, about 11 thousand persons were employed in toys and sporting goods industries in the Los Angeles-Long Beach area in 1970, \* \* \* The annual unemployment rate in the area was higher than that for the United States as a whole in 1966-70, as shown in the

following table.

Rate of unemployment: Percent of total workforce unemployed in the Los Angeles-Long Beach area and in the United States, 1966-70

Year	: Los Angeles- : Long Beach area	: United States
1966-----	4.5 :	3.8
1967-----	4.5 :	3.8
1968-----	4.2 :	3.6
1969-----	4.1 :	3.5
1970-----	5.8 :	4.9

Factors in unemployment

\* \* \* \* \*

The union officials claim that one of the major reasons for the decline in employment is the movement by Mattel of many of the production lines formerly at Hawthorne and City of Industry \* \* \* 1/

\* \* \* \* \* 2/

Because of the unavailability of other work in the area, the discharged workers resort to unemployment compensation and welfare.

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1/ See in Appendix B a copy of a survey letter, dated February 8, 1971, from the President of Local 766 to members who have been laid off. \* \* \*

2/ See notice of layoff in Appendix B.

APPENDICES

Table 1.--Toys: U.S. rates of duty applicable to specified TSUS items, 1930-72 and U.S. imports for consumption, specified years, 1937-70

TSUS item	Abbreviated description	1930 rates 1/ 2/	Concession rates	Effective date	Total imports		
					Year	Value	
						(million dollars)	
734.15	Chess, checkers, darts, etc., and games played on boards of special design.	80% ad val.	40% ad val.	June 15, 1936	1937	3/	
			20% ad val.	Jan. 1, 1948	1947	3/	
			19% ad val.	June 30, 1956	1949	0.1	
			18% ad val.	June 30, 1957	1951	0.1	
			17% ad val.	June 30, 1958	1957	3/	
		50% ad val.	25% ad val.	Jan. 1, 1948	1959	0.7	
			22.5% ad val.	July 1, 1962	1960	0.7	
			20% ad val.	July 1, 1963	1961	0.8	
					1962	1.1	
					1964	2.1	
		45% ad val.	22.5% ad val.	Jan. 1, 1948	1965	2.5	
			21% ad val.	June 30, 1956	1966	3.0	
			20% ad val.	June 30, 1957	1967	3.4	
			19% ad val.	June 30, 1958	1968	4.3	
					1969	5.8	
		45% ad val.	22.5% ad val.	Jan. 1, 1948	1970	5.6	
			20% ad val.	July 1, 1962			
			18% ad val.	July 1, 1963			
		33-1/3% ad val.	25% ad val.	April 21, 1948			
			16-2/3% ad val.	May 30, 1950			
		50¢ per lb. + 40% ad val.	35¢ per lb. + 30% ad val.	Jan. 1, 1948			
			25¢ per lb. + 20% ad val.	June 6, 1951			
			23¢ per lb. + 19% ad val.	June 30, 1956			
22¢ per lb. + 18% ad val.	June 30, 1957						
21¢ per lb. + 17% ad val.	June 30, 1958						
35% ad val.	17.5% ad val.		April 30, 1950				
	20% ad val.		Aug. 31, 1963				
	18% ad val.		Jan. 1, 1968				
	16% ad val.		Jan. 1, 1969				
	14% ad val.		Jan. 1, 1970				
	12% ad val.	Jan. 1, 1971					
	10% ad val.	Jan. 1, 1972					
737.07	Rail sets, highway vehicles, airplanes, etc., scaled at the ratio of 1 to 85 or smaller.	35% ad val.	25% ad val.	Jan. 1, 1939	1939	4/	
			15% ad val.	Jan. 1, 1948	1950	4/	
			13.75% ad val.	June 6, 1951	1952	4/	
		70% ad val.			1957	4/	
			35% ad val.	Oct. 1, 1951	1959	4/	
		45% ad val.	22.5% ad val.	Jan. 1, 1948	1964	1.0	
			21% ad val.	June 30, 1956	1965	1.6	
			20% ad val.	June 30, 1957	1966	4.3	
			19% ad val.	June 30, 1958	1967	7.0	
					1968	9.9	
					1969	10.7	
				16% ad val.	Aug. 31, 1963	1970	7.3
				14% ad val.	Jan. 1, 1968		
				12.5% ad val.	Jan. 1, 1969		
				11% ad val.	Jan. 1, 1970		
	9.5% ad val.	Jan. 1, 1971					
	8% ad val.	Jan. 1, 1972					
737.15	Other models and construction kits.	70% ad val.	45% ad val.	Jan. 1, 1939	1939	3/	
			25% ad val.	Jan. 1, 1948	1950	3/	
			23.5% ad val.	June 30, 1956	1952	3/	
			22.5% ad val.	June 30, 1957	1957	3/	
			21% ad val.	June 30, 1958	1959	0.1	

See footnotes at end of table.

Table 1.--Toys: U.S. rates of duty applicable to specified TSUS items, 1930-72, and U.S. imports for consumption, specified years, 1937-70--continued

TSUS item	Abbreviated description	1930 rates <sup>1/</sup> <sub>2/</sub>	Concession rates	Effective date	Total imports		
					Year	Value	
737.15 (con.)	Other models and construction kits--(con.).	70% ad val.	35% ad val.	Oct. 1, 1951	1964	0.8	
			35% ad val.	Aug. 31, 1963	1965	2.3	
			31% ad val.	Jan. 1, 1968	1966	4.5	
			28% ad val.	Jan. 1, 1969	1967	7.8	
			24% ad val.	Jan. 1, 1970	1968	12.7	
			21% ad val.	Jan. 1, 1971	1969	13.3	
			17.5% ad val.	Jan. 1, 1972	1970	12.5	
737.20	Dolls, and parts and doll clothing.	90% ad val.	45% ad val.	Jan. 30, 1943	1942	3/	
			42.5% ad val.	June 30, 1956	1944	3/	
			40.5% ad val.	June 30, 1957	1950	0.4	
			38% ad val.	June 30, 1958	1952	0.8	
					1954	0.7	
					1956	0.8	
			70% ad val.	Jan. 30, 1943	1957	0.9	
				Jan. 1, 1951	1959	2.6	
				35% ad val.	Nov. 17, 1951	1957	0.9
			1¢ ea. + 60% ad val.	1/2¢ ea. + 30% ad val.	Sept. 10, 1955	1964	23.2
					1965	21.9	
		1¢ ea. + 50% ad val.	1/2¢ ea. + 30% ad val.	Sept. 10, 1955	1966	23.5	
					1967	28.0	
		70% ad val.	35% ad val.	Sept. 10, 1955	1968	37.0	
			31.5% ad val.	July 1, 1962	1969	41.2	
			30% ad val.	July 1, 1963	1970	62.0	
737.90	Other toys and parts of toys-----	45% ad val.	22.5% ad val.	Jan. 30, 1943	1950	1.6	
			12% ad val.	June 6, 1951	1952	4.5	
					1954	10.3	
		70% ad val.	35% ad val.	Oct. 1, 1951	1956	23.6	
					1964	32.9	
		70% ad val.	50% ad val.	Oct. 1, 1951	1965	33.7	
			35% ad val.	Sept. 10, 1955	1966	36.6	
					1967	41.3	
		1¢ ea. + 60% ad val.	1/2¢ ea. + 30% ad val.	Sept. 10, 1955	1968	60.7	
					1969	79.1	
		1¢ ea. + 50% ad val.	1/2¢ ea. + 30% ad val.	Sept. 10, 1955	1970	96.3	
		70% ad val.	35% ad val.	Sept. 10, 1955			

1/ Where the same rate appears two or more times under a single TSUS item number in this column, there were two or more rate provisions under the 1930 Act for which concessions were made at different times as indicated in the next two columns.

2/ Variations in the rates shown in this column for each TSUS item reflects rates of duty established in different paragraphs under the Tariff Act of 1930.

3/ Less than \$100,000.

4/ Less than \$1 million.



Table 2.--Toys: 1/ U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1965-70

Year	Pro- duction <u>2/</u>	Im- ports <u>3/</u>	Exports	Apparent con- sumption	Ratio of imports to apparent consumption
	( <u>1,000</u> dollars)	( <u>1,000</u> dollars)	( <u>1,000</u> dollars)	( <u>1,000</u> dollars)	(Percent)
1965-----	900,000	78,586	32,322	946,264	8.3
1966-----	980,000	92,162	31,531	1,040,631	8.9
1967-----	1,076,000	108,565	25,002	1,159,563	9.4
1968-----	1,259,000	150,193	24,514	1,384,679	10.8
1969-----	1,408,000	180,198	26,710	1,561,488	11.5
1970-----	1,580,000	216,151	28,552	1,767,599	12.2

1/ Includes aggregate data on toys, dolls, models, and games; separate data on imports for each of the groups of articles are shown in tables 3, 4, 5, and 6.

2/ Estimated by the U.S. Tariff Commission from information supplied by the Toy Manufacturers of America association.

3/ Includes imports under item 807.00.

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

Table 3.--Toys other than dolls, models, and games: U.S. imports for consumption 1/, by principal sources, 1965-70

(In thousands of dollars)

Source	1965	1966	1967	1968	1969	1970
Japan-----	27,918	32,516	32,721	40,516	49,780	54,142
Hong Kong-----	13,261	14,961	18,330	25,146	34,534	37,966
Mexico-----	125	177	1,063	5,005	7,115	16,347
China T.-----	418	527	906	1,893	3,005	5,148
Canada-----	110	61	135	266	1,282	660
All other-----	7,936	8,248	8,737	11,947	11,798	12,685
Total-----	49,768	56,490	61,892	84,773	107,514	126,948

1/ Includes imports under item 807.00.

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

Table 4.--Toy dolls: U.S. imports for consumption 1/, by principal sources, 1965-70

(In thousands of dollars)

Source	1965	1966	1967	1968	1969	1970
Hong Kong-----	6,056	7,104	10,199	14,408	14,579	27,519
Japan-----	14,471	14,963	16,052	15,221	11,097	16,369
Mexico-----	8	22	201	4,313	8,560	10,090
China T-----	20	85	270	1,407	2,097	5,339
Italy-----	471	456	879	1,091	1,177	1,356
All other-----	879	820	445	589	3,648	1,290
Total-----	21,905	23,450	28,046	37,029	41,158	61,963

1/ Includes imports under item 807.00.

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

Hong Kong-----:	197	51	360	2,221	4,317	6,473
United Kingdom---:	1,815	5,406	9,166	11,783	9,237	4,608
Japan-----:	935	1,194	1,396	2,602	2,980	3,013
Italy-----:	605	1,176	1,116	1,936	3,294	2,762
West Germany----:	438	754	2,024	3,138	2,823	1,823
All other-----:	422	656	1,165	2,407	3,086	2,922
Total-----:	4,412	9,237	15,227	24,087	25,737	21,601

1/ Includes imports under item 807.00.

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

Table 6.--Toy games: U.S. imports for consumption 1/, by principal sources, 1965-70

(In thousands of dollars)

Source	1965	1966	1967	1968	1969	1970
United Kingdom---	952	971	1,129	1,161	1,765	1,742
Japan-----	454	546	687	957	1,038	1,193
Hong Kong-----	163	221	399	583	967	760
West Germany-----	471	596	567	838	901	739
Italy-----	65	111	141	160	268	320
All other-----	396	540	477	605	850	885
Total-----	2,501	2,985	3,400	4,304	5,789	5,639

1/ Includes imports under item 807.00.

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

Table 7.--Toys, dolls, and models: U.S. imports for consumption 1/,  
by Mattel, Inc., by country, 1966-70

\* \* \* \* \*

Table 8.--Toys, dolls, and models: U.S. imports for consumption by  
Mattel, Inc. under TSUS item 807.00, by country, 1966-70

\* \* \* \* \*

\* \* \*: Average number of workers employed and average number of  
hours worked per week per worker, 1969-70

\* \* \* \* \*



\*\*\*: Average number of workers employed and average  
number of hours worked per week per worker, 1969-70

\* \* \* \* \*

\* \* \*: Average number of workers employed and average number  
of hours worked per week per worker, 1969-70

\* \* \* \* \*

Local Union No. 458 Membership Records, 1966-70  
and January 1971 1/

\* \* \* \* \*

\* \* \* Membership Records, 1966-70  
and January 1971 1/

\* \* \* \* \*

February 4, 1971

TO: ALL HOURLY EMPLOYEES  
FROM: SKIP MARSON, PLANT MANAGER *SM*  
SUBJECT: LAYOFF

\* \* \* \* \*

Appendix B



LOCAL UNION No. 766

UNITED RUBBER, CORK, LINOLEUM AND PLASTIC WORKERS OF AMERICA

13050 E. Valley Boulevard

City of Industry, California 91746



Telephone: 330-3613  
330-1114

February 8, 1971

Dear Member:

\* \* \* \* \*

Fraternally yours,

*Douglas MacLeod*

Douglas MacLeod  
President

opeiu #30  
DM/ph  
afi-cio, clic

Enc.



INFORMATION REQUEST

Classification at Mattel \_\_\_\_\_

Seniority Date \_\_\_\_\_

Date Laid Off \_\_\_\_\_

I am, am not the sole support of my family.

I am, am not now collecting welfare payments.

I am, am not collecting Unemployment Insurance.

(strike not applicable phrase above)

I have \_\_\_\_\_ children under 18 yrs. of age.

My Unemployment Insurance pays me \_\_\_\_\_ weekly.

My Welfare payments amount to \_\_\_\_\_ weekly.

