



Sawing Apart Gym Shoes At The Port Of Long Beach

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Heard on All Things Considered

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As we report elsewhere in today's program, President Obama is ordering a review of federal regulations. He'd like to root out rules that are outmoded and hinder the economy. Well, there's perhaps no set of regulations that seems more arbitrary to people in business than the U.S. tariff system.

Alex Blumberg of our Planet Money team visited one place dedicated to the enforcement of that system: The Customs and Border Protection office at the Los Angeles-Long Beach seaport.

ALEX BLUMBERG: There is no logic to tariffs, no general rule of thumb to calculate how much duty you'll need to pay to bring an item into the United States. The only way to find out is by consulting this very big, foot-wide book that makes a satisfying thump when you drop it on a table.

(Soundbite of a thump)

Ms. ELVA MUNETON (Section Chief, LA-Long Beach Sea Port): This is the Harmonized Tariff Schedule, and in here you will find every commodity that you could possibly think of with a duty rate.

BLUMBERG: This is Elva Muneton, the section chief at the LA-Long Beach Sea Port, the largest port in the United States. And this large book were leafing through, is the last word on what it will cost to bring everything into this country. And I mean everything.

Wood tar, rodenticides

Ms. MUNETON: Insecticides.

BLUMBERG: Insecticides.

Ms. MUNETON: As you could see, you have tariff numbers and then you have a description of what the merchandise is. And then you have a duty rate, which would tell you, if you are bringing these insecticides, you would be paying, let's say, 2.8 percent.

BLUMBERG: The Harmonized Tariff Schedule, aside from being vast, is in many ways, a capricious and arbitrary document - especially when it comes to clothing and footwear.

Just the footwear section alone runs over 30 pages, pages filled with seemingly random distinctions. Canvas sneakers with rubber or plastic soles are assessed a huge duty, 37.5 percent. But if the sneakers are made of leather, the duty goes way down, closer to 10 percent. And if your shoe is made on quote, a base or platform of wood, congratulations, you can bring it in for free.

Oh, and the same shoe will get assessed a different duty depending on whether it's for a woman or a man.

Ms. MUNETON: Women's is twelve and a half and men get eight and a half percent. So again...

BLUMBERG: Wait. Women get 12 and a half and men got eight and a half.

Ms. MUNETON: Mm-hmm. Yes, they do.

BLUMBERG: Now, a couple of points here. First of all, these import duties, they are assessed to the importer, but they're just passed straight onto you and me, the consumer. So we're all paying a lot more for shoes than we would if the tariffs weren't so high.

But also, these seemingly arbitrary distinctions create a huge incentive for importers to try and get around the rules. Which means the men and women who work at our nations ports, must constantly verify that importers are bringing in what they say they're bringing in. And that verification, it can get ugly.

Ms. MARIAN FEDOROV (Scientist, U.S. Customs and Border Protection Laboratory): One of the tools that we like to use is an autopsy saw.

BLUMBERG: This is Marion Fedorov, a scientist at the U.S. Customs and Border Protection testing lab. One of her main jobs: Sawing apart gym shoes and other items of footwear. For example, if a shoe is more than 50 percent leather, it will get a lower duty rate. How do you verify what percentage of the shoe is leather? You need to cut it open and measure all the component parts - which brings us to the autopsy saw.

Ms. FEDOROV: It does a really nice job of cutting through the leather textile and rubber-plastic components that we're trying to separate.

BLUMBERG: So you're about to cut this shoe.

Ms. FEDEROV: Here you go.

(Soundbite of saw)

BLUMBERG: Walking around the testing facility, it's a cross between a university science lab and a theater props department. There are long work benches, people in white lab coats, and piles and piles of shoes and shirts and fabric.

And all of this raises a question - President Obama's question: Does all this activity, all these men and women at ports all over the country sawing apart tennis shoes, does that help us as a people?

The answer is pretty clearly no. In the 19th century, tariffs were the main way that governments made money. But for at least 50 years now, tariffs have had fewer and fewer supporters. Pretty much every economist, left or right you talk to, says tariffs make the U.S. poorer and don't save jobs.

The only group who might say it does make sense to have an import tax of almost 40 percent on a canvas gym shoe, is a domestic canvas gym shoe manufacturer - if you can find one.

Michael Cone is a trade lawyer.

Mr. MICHAEL CONE (Customs and International Trade): You know, there are almost no producers of apparel left in the United States. There's hardly any footwear left. So these are real truly vestiges of an older time when, in fact, we had those jobs. You know, so why are they still here?

BLUMBERG: In the old...

(Soundbite of laughter)

Mr. CONEA: Revenue generation and also inertia, for sure. Inertia is a big part of it.

BLUMBERG: Michael Cone says the U.S., and most of the rest of the world, have been slowly taking on the forces of inertia, reducing or eliminating tariffs, making them less arbitrary.

But battling outmoded regulation is slow-going. We'll see if President Obama can make that process move a little bit faster.

I'm Alex Blumberg, NPR News.

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