UNITED STATES DEPARTMENT OF AGRICULTURE

PROGRAM

34th ANNUAL NATIONAL

AGRICULTURAL OUTLOOK CONFERENCE

program, 34th Annual national

November 26-29, 1956
Washington 25, D. C.

Agricultural Marketing Service
Agricultural Research Service
Commodity Stablization Service
Foreign Agricultural Service
Forest Service
and
Federal Extension Service Cooperating

AEP-240 (11-56)

November 26-29, 1956

MONDAY (November 26) MORNING

(Thomas Jefferson Auditorium - South Building)

C. M. Ferguson, Administrator
Federal Extension Service, Chairman

9:00	Registration	
9:30	Opening of Conference	C. M. Ferguson, FES
9:45	World Outlook	Clarence B. Randall Special Consultant to the President P.R. + address
10:15	Discussion	
10:30	Intermission	
10:45	Problems of Economic Policy	Herbert Stein Acting Director of Research Committee for Economic Development P.R. + address
11:15	Discussion	
11:30	General Economic Outlook for 1957	Nathan M. Koffsky, Chief Farm Income Branch, AMS
12:00	Discussion	
12:30	Lunch	

MONDAY (November 26) AFTERNOON

(Thomas Jefferson Auditorium - South Building)

Bushrod W. Allin, Chairman of
Outlook and Situation Board, AMS, Chairman

2:00	Outlook for Agricultural Exports and Foreign Demand	Clayton E. Whipple Deputy Administrator, FAS
2:40	Discussion	
2:55	Family Living Outlook	Gertrude S. Weiss, Chief Household Economics Research Branch, ARS
3:25	Discussion	
3:40	Intermission	
3:50	Agricultural Outlook for 1957	Fred V. Waugh, Director Agricultural Economics Division, AMS
4:20	Discussion	
5:00	Adjournment	

AEP-240 (11-56)

TUESDAY (November 27) MORNING

(Thomas Jefferson Auditorium - South Building)

Longer-Term Outlook

Omer W. Herrmann, Deputy Administrator
Marketing Research and Statistics, AMS, Chairman

9:15	Trends in Consumer Demand	James P. Cavin, Chief Statistical and Historical Research Branch, AMS
9:45	Trends in Production, Costs, and Technology	Carl P. Heisig, Chief Production Economics Research Branch, ARS
10:15	Trends in Marketing Costs and Practices	Kenneth E. Ogren, Head Marketing Information and Statistical Section, AMS
10:45	Discussion	
11:00	Agriculture and Economic Growth	O. V. Wells, Administrator Agricultural Marketing Service (Release)
11:30	Discussion	
12:15	Lunch	

TUESDAY (November 27) AFTERNOON

Commodity Outlook Sessions for Producers, Handlers, and Consumers

1:30 - 4:15* Feed, Livestock and Meat - Thomas Jefferson Auditorium
J. B. Claar, FES, Chairman
Outlook Statement: Harold F. Breimyer, AMS
Malcolm Clough, AMS

4:20 - 5:20 Grass and Legume Seeds - Room 331 W. Administration Building
T. E. Hall, FES, Chairman
William H. Youngman, FAS, Outlook Statement

4:20 - 5:20 Forest Products - Room 3106 South Building
M. M. Bryan, FS, Chairman
Horace R. Josephson, FS, Outlook Statement
[Issued as "The Demand and Price Situation for Forest Products"]

4:20 - 5:20 Peanuts - Room 3115 South Building
W. E. Jones, CSS, Chairman
George W. Kromer, AMS, Outlook Statement

5:20 Adjournment

5:30 State Specialists Dinner - 4th Wing Cafeteria
South Building

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* Sessions formally end at this time but conference room will be free for those who wish to continue the discussion.

TUESDAY (November 27) AFTERNOON

(Freer Art Gallery Auditorium - Entrance on Independence Avenue)

Family Living Sessions

1:30 - 4:30	Outlook for Consumer Goods Starley M. Hunter, FES, Chairman	
	Durable Goods	L. Jay Atkinson Office of Business Economics Department of Commerce
	Clothing and Textiles	Harry Kahan Bureau of Labor Statistics Department of Labor
	Food	Harry Sherr Agricultural Economics Division, AMS
	Trends in Farm Family Food Practices	Mollie Orshansky Household Economics Research Branch, ARS
4:30	Adjournment	
5:30	State Specialists Dinner - 4th Wing Cafeteria South Building	

WEDNESDAY (November 28) MORNING

(Freer Art Gallery Auditorium)

Family Living Sessions

9:30 - 12:30 Consumer Credit
Gertrude S. Weiss, ARS, Chairman

Trends in Consumer Credit	Margaret L. Brew Household Economics Research Branch, ARS
Who Uses Consumer Credit?	Emma G. Holmes Household Economics Research Branch, ARS
The Cost of Installment Credit to the Consumer	Robert Johnson Assoc. Professor of Finance University of Buffalo

Panel: Impact of Consumer Credit on the Economy and the Family

Nathan Bailey	Dean, School of Business Administration American University
Allan Fisher	Director of Legal Aid Bureau of District of Columbia
Robert Johnson	Assoc. Professor of Finance University of Buffalo
Loughlin F. McHugh	Office of Business Economics Department of Commerce
Dorothy Thomas	Director of Case Work Services, Family and Child Services of Washington, D.C.

12:30 Lunch

WEDNESDAY (November 28) AFTERNOON

(Freer Art Gallery Auditorium)

Family Living Sessions

2:00 - 3:30 Economic Principles of Outlook
Frances Scudder, FES, Chairman

Implications of Outlook for Family Living	Starley M. Hunter Division of Home Economics Programs, FES

Panel: Methods of Using Outlook

Susan Christian	Florida State University
Patricia Middleton	University of Delaware
Mabel Spray	Ohio State University
Lila Dickerson	State College of Washington

4:00 - 6:00 Housing Supplies - National Housing Center, 1625 L St., N.W.

WEDNESDAY (November 28) MORNING

Commodity Outlook Sessions for Producers, Handlers, and Consumers

9:15 - 11:00* Dairy - Thomas Jefferson Auditorium
Max K. Hinds, FES, Chairman
Herbert C. Kriesel, AMS, Outlook Statement

11:05 - 12:30* Fats and Oils (Special Emphasis on Soybeans) - Room 3106 South Building
Karl G. Shoemaker, FES, Chairman
George W. Kromer, AMS, Outlook Statement

11:05 - 12:30* Fruits and Tree Nuts - Room 218 Administration Building
Lloyd H. Davis, FES, Chairman
Ben H. Pubols, AMS, Outlook Statement

11:05 - 12:30* Rice - Room 5860 South Building
J. A. Satterfield, CSS, Chairman
Robert E. Post, AMS, Outlook Statement

12:30 Lunch

WEDNESDAY (November 28) AFTERNOON

Commodity Outlook Sessions for Producers, Handlers, and Consumers

2:00 - 3:30* Poultry - Thomas Jefferson Auditorium
Homer S. Porteus, FES, Chairman
Edward Karpoff, AMS, Outlook Statement

3:35 - 5:15 Vegetables & Potatoes - Room 218 Administration Building
R. L. Childress, FES, Chairman
Will M. Simmons, AMS, Outlook Statement

3:35 - 4:45 Sugar - Room 4966 South Building
Lawrence Myers, CSS, Chairman — [not published]

5:15 Adjournment

* Sessions formally end at this time but conference room will be free for those who wish to continue the discussion.

THURSDAY (November 29) MORNING

Commodity Outlook Sessions for Producers, Handlers, and Consumers

9:15 - 12:30* A Resume of the Outlook for - Thomas Jefferson Auditorium
Producers, and the Outlook for Consumers
(By commodities and a discussion of the use of consumption data in consumer marketing programs)
Sharon Q. Hoobler, FES, Chairman
Outlook Statement: Harold F. Breimyer, AMS
Edward Karpoff, AMS
Herbert C. Kriesel, AMS
Will M. Simmons, AMS
Ben H. Pubols, AMS
Malcolm Clough, AMS
Frank Lowenstein, AMS
Marguerite C. Burk, AMS

9:15 - 11:00* Wheat - Room 3106 South Building
T. E. Hall, FES, Chairman
Robert E. Post, AMS, Outlook Statement

9:15 - 11:00* Tobacco - Room 331 W. Administration Building
S. E. Wrather, AMS, Chairman
Arthur G. Conover, AMS, Outlook Statement

11:05 - 12:30* Cotton - Room 509 Administration Building
E. P. Callahan, FES, Chairman
Frank Lowenstein, AMS, Outlook Statement

12:30 Lunch

* Sessions formally end at this time but conference room will be free for those who wish to continue the discussion.

THURSDAY (November 29) AFTERNOON

(Thomas Jefferson Auditorium - South Building)

Francis A. Kutish, Iowa State College, Chairman

1:45 - 2:00	A World Outlook Service	Dr. Henry C. Taylor Former Chief of BAE, USDA
2:00 -	Panel: The General Economic Situation	
	State Department	John W. Evans, Deputy Director Office of Intelligence Research
	Labor Department	Aryness J. Wickens Deputy Commissioner Board of Labor Statistics
	Agriculture Department	O. V. Wells, Administrator, AMS
		Sherman Johnson, Director Farm and Land Management Research, ARS
	Federal Reserve System	Woodlief Thomas Economic Advisor
4:00	Outlook's Challenge	P. V. Kepner Deputy Administrator, FES
4:30	Adjournment	

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Service
Household Economics Research Branch

THE OUTLOOK FOR CLOTHING AND TEXTILES IN 1957

Address by Harry Kahan, Prices and Cost of Living Division, Bureau of Labor Statistics, U. S. Department of Labor, at the 34th Annual Agricultural Outlook Conference, Washington 25, D. C., Tuesday, November 27, 1956

In the development of an outlook for clothing and textiles for 1957, it is important to know what our economists and businessmen think about the over-all business outlook for next year. A recent article in the Journal of Commerce states that according to the results of a survey of 221 economists polled by F. W. Dodge Corporation inflation is expected to account for the major part of new gains in business activity in 1957. The Wall Street Journal earlier reported that a cross country check showed that retail prices are heading upward in a wide variety of products. The findings were based on interviews with more than 50 manufacturers, distributors and retailers.

For apparel and textiles, this general outlook for higher prices is supported to some extent by recent increases. However, there is a strong tendency among retailers to raise prices on a selective basis, that is, for some items in a general line of merchandise but not for all items, and to vary mark-ups according to market conditions. Manufacturers also are tending to drift away from across the board increases to pricing by item. Thus, while there is expectation of higher prices for some items in the apparel and textile lines, all indications are that the increases will be moderate.

There are various factors in the structure and practices of the apparel and textile industries and in the character of the current markets for the products that led me to this expectation of moderate increases in 1957.

Today the clothing market is a buyers market--fully competitive. With the exception of a tightness for woolens, stocks are generally adequate at both the wholesale and retail levels. The capacity of the textile industries to produce the materials and of the clothing industries to manufacture is unquestionably adequate.

In the apparel manufacturing industries, there are over 30,000 establishments. About 97 percent of these companies employ less than 250 workers. The remaining 3 percent of the companies, however, account for 28 percent of the sales volume. The ratio of the number of employees to the value of shipments is approximately the same in both large and small companies. Distribution is

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NOTE: Opinions expressed in this paper are those of the author and do not necessarily represent the position of the Bureau of Labor Statistics or the U. S. Department of Labor.

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is basically accomplished by direct selling to the many thousands of outlets. Unlike some other industries where a few giant companies raising prices to overcome increased costs can generate a general price movement, the apparel trades have no such leaders to set the pace. The manufacturer in selling to the retailer is aware of this and acts accordingly in setting prices.

Manufacturers' prices are graduated to fit into the general price lines of retailers. That price insofar as the retailer is concerned, represents a definite quality range that is to be fitted into his merchandising policy.

In reducing prices the manufacturer can neglect competitive problems. When his costs increase, however, he must give careful attention to his competitive position. He may find it necessary to absorb all or part of the cost increase in order to hold his market. The clothing manufacturer also recognizes that competition in a price field sets the level of quality.

At a given price the product must include a quality of materials of a fixed tolerance and a measure of one or more of such features as:

1. Style
2. Fit and Comfort
3. Workmanship
4. Strength and Durability
5. Resistance to Shrinkage
6. Color Fastness
7. Special features such as Washability, Crease Resistance, etc.

The combination of these features develops a garment designed to meet a level of consumer demand. It also permits limited downward quality adjustments to meet higher production and operating costs rather than outright price change. When costs move too high (despite earlier quality depreciation), the manufacturer may take a small increase or reinstate the original quality at a full increase. If either of these alternatives is not feasible because of competition, the item is dropped from production. Such decisions are usually made before the start of the season.

The net effect of these practices frequently results in little direct relationship between the price movement of textile materials at the manufacturers' level and the price movement of apparel at the manufacturers' and retail levels. The changes in prices that have occurred in the past four years, for example, provide an interesting contrast.

The apparel group of the Wholesale Price Index of the Bureau of Labor Statistics stood at 99.3 in September 1952 as compared with 99.7 in September of 1956. During these four years, prices remained relatively stable except for minor seasonal variations. However, material prices followed a downward trend. Woolen textiles declined steadily. The September 1952 index of 112.4 eased to 111.2 in September 1953, further weakened to 109.6 in September 1954 and dropped to 103.0 in September 1955. In the past year, prices for woolen textiles had strengthened somewhat and the index was 103.9 in September. Prices for cottons and materials of manmade fibers followed a similar pattern of steady decrease. From September 1952 to September 1956, the cotton textiles index had declined 7.4% and manmade textiles 9.5%. The decline in the prices of textiles occurred during a period of wage stability in the apparel trades. Between the summer of 1953 and the summer of 1956, the clothing unions did not negotiate for general wage adjustments because of the inability of the clothing industry to move with the general prosperity of the country.

Prices of apparel at the retail level have also fluctuated within a relatively narrow range over the past four years. The apparel group in the Consumer Price Index stood at 105.8 in September 1952, was down to 104.6 by September 1955 and by August of this year, the index was back near the 1952 level. Between August and September, the index for apparel advanced about one percent to bring it to the highest level since February 1952.

The index for men and boys' apparel, which moved down approximately 2 percent between September 1952 and September 1955, recovered most of this decline by August 1956. In September the index moved up from 107.7 to 108.3.

The women's and girls' apparel index, which sagged slightly more than the decline for men's and boys' apparel during the September '52 - September '55 period continued its downward movement to August of this year. In September, however, a strong upward price movement raised the index 1.5 percent to just above the September 1955 level.

Footwear prices showed a slow steady upward trend during the 1952-1956 period. Between September 1952 and September 1955 they advanced on the average 3.4 percent. With the exception of a slight drop in May, the index has continued up in the current year recording an increase of 5 percent from January to September.

The retailer, who also follows the practice of adhering to historical rigid price brackets or price lines is now reappraising his markup policy because of inching up wholesale prices and rising operating costs. He feels the need for a longer markup. However, new competition and shopping habits have invaded the field of retail clothing which may oblige him to shorten his markup in several categories of apparel. Many retailers feel that the potential of this new competition is dangerous.

The supermarkets, successors to the neighborhood grocery stores, after experiencing successful merchandising of kitchen and home wares have introduced lines of counter merchandise which lend themselves to self service. Women's packaged nylon hose and men's work gloves were the forerunners followed by men and boys' undershirts and shorts, socks, men's and boys' white shirts. The merchandise variety has been further expanded to include children's wear and items such as skirts and blouses that can be tried on without resorting to a fitting room. Since the gross markup in supermarkets is approximately one-half of that in clothing stores, such merchandise can be profitably sold at promotional prices.

The discount house type of operation has also invaded retail apparel distribution. Since many customer and in-store services have been eliminated, the discount house realizes a higher margin. A similar streamlining is being adopted by many of the conventional independent and chain stores.

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The expanding retail clothing store chains integrated with company owned factories with their claims of lower prices for comparable qualities contribute to the keener competition.

In the last 10 years between 1600 and 1800 shopping centers have been developed. The 1957 predictions are that approximately half of all new chain stores will be located in such centers. With the growth of the suburbs, retailers in downtown areas are facing a problem of inducing customers to continue to shop downtown.

These developments do not imply that higher wholesale prices will not produce higher retail prices. They do suggest that the retailer may be obliged to operate on a narrower nargin and absorb increased costs. Regardless of pricing problems the price outlook will be heavily influenced by costs of materials and labor which we will discuss in that order.

MATERIALS:

Wool

Wool cloth prices are nudging upward because of rising fiber costs. Announced price increases of 5 to 10 cents per yard are expected to be followed by further increases according to mill executives. Prices of raw wool will probably remain at a high level at least until next April because of low domestic supply and high foreign prices. Wool textile sales prospects meantime continue bright.

Per capita consumption during the first 6 months of 1956 was at an annual rate of 3.2 pounds, up 10.5% over the rate for year earlier period. Industry economists attribute the increase to growing demand and depleted stocks throughout the world.

The Wool Bureau notes that stocks actually in mill and dealer hands totaled, as of October, less than 2½ months supply compared to a traditional safe operating level of 4 months supply.

With this market outlook it appears that higher prices for wool textiles will be paid by clothing manufacturers for both the Spring and Fall 1957 lines.

Cotton

Current prices of raw cotton are approximately 10% lower than that of June 1956. From February to September 1956, the Bureau's Wholesale Price Index reflected a steady downward drift in cotton yarn and broad woven goods while the index for textile housefurnishings was unchanged during that period at 95.3 (except for a dip of .1% in April).

In October, cotton textile prices strengthened on the announcement of a 10 cent hourly general wage increase which was granted that month to some 600,000 southern cotton and synthetic textile workers. Price rises were further supported by higher charges for dyeing and printing of unfinished cloth.

While makers of finished goods have issued higher price lists, gray goods mills are striving to maintain price levels established when the round of increases accompanied and followed the southern wage hike.

Man-made fibers

In February of this year, the Wholesale Price Index for man-made fiber textile products was 84.8 and by April dropped sharply to 80.6. By August, the index drifted down to 80.3. The larger mills and many of the small mills suspended production during the Labor Day week in an attempt to firm-up prices. Four-day production weeks are not uncommon in this industry at the present time.

The annual per capita consumption rate (using the first 6 months of 1956) of cotton at 23.8 poundsshowed an increase of 2.5% over the 1955 rate, while synthetic fiber consumption--at 9.9 pounds--was down 11.5%.

The southern textile mills in the general 10 cent hourly wage hike in October advanced prices of broadwoven goods and recovered some of the earlier losses in 1956.

Trade sources are inclined to be cautiously optimistic but anticipate only modest increases to adjust the margin between production costs and selling prices. In this matter it should be noted that rayon, the competitor of cotton, represents 19.7% of all U. S. man-made fiber production. Cotton, the ranking textile, accounted for 77.8% of all the cloth made in the U. S. last year.

LABOR:

During the first nine months of 1956, a total of approximately 4,500,000 workers in the Unites States have been engaged in wage negotiation. In the textile, clothing and shoe industries, significant wage adjustments were effected. Illustrations of some of the negotiated increases involving large groups of workers are:

In the shoe industry, April 1956.--27,000 workers employed by 2 large shoe companies received 3% increases.

In the boys' clothing industry, June 1956.--150,000 boys' clothing workers received 12½ cents hourly increase, the first general pay rise in 3 years.

In the lingerie industry, July 1956.--19,000 lingerie workers received 6% increases for piece work with a $1.10 minimum. Other workers and cutters received increases of $3.00 and $3.50 per week respectively.

In the millinery industry, July 1956.--10,000 millinery workers in New York area received a 5% increase for piece work and $5.00 per week for regular time.

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In the dress industry, August 1956.--8,500 garment workers in Philadelphia received 7 to 10 cent hourly increases. The minimum wage increased from 85 cents to $1.05 per hour with further increase to $1.10 next March.

In the shirt industry, September 1956.--100,000 workers in the employ of the country's principal shirt manufacturers received a 10 cent hourly increase. This was the first general increase since 1953.

In addition there were two major nonnegotiated wage increases during 1956. The first one occurred in March 1956, when the new minimum wage law of a $1.00 per hour minimum went into effect for an estimated 475,000 textile and apparel workers. The other mentioned earlier, occurred in October granting 10 cent hourly increases to 600,000 southern textile workers.

FORECASTS OF THE TRADE:

Trade sources, in predicting the following outlook for clothing and clothing prices, are inclined to feel that they will not encounter strong resistance from their customers when slightly higher price tags are shown.

Women's and misses' coats and suits.--Unseasonably warm weather has slowed down coat selling. Suits are moving fairly well. Prices may be slightly higher because of increased costs of woolens. Competition is strong. Retailers expect to be putting more emphasis on higher priced lines.

Women's and misses' dresses.--A good part of the expected increase may be concealed increases, because of the industry's practice of producing garments to specific price brackets. Possible direct price increases are forecast for budget lines where manufacturers are not expected to absorb rising labor costs.

Blouses and sportswear.--Popular casual type wear is being featured by retailers as volume items in medium priced lines. Volume may take up part of the price rise expected in the low priced field.

Hosiery.--Women's hosiery is expected to remain unchanged from present levels. Men's and boys' cotton socks may carry higher price tags.

Footwear.--In the first 9 months of this year, the Consumer Price Index for shoes advanced about 5%. Two of the major shoe manufacturers announced that their prices for the Spring line will be unchanged. However many eastern shoe manufacturers are faced with a second round of 3% wage increases in January 1957 on earlier wage contracts and feel that with other expected increases in production costs they will not be able to follow the leaders. The industry looks forward to a good selling year in 1957. Price increases may be made on a selective basis.

Girls' wear.--There have been forecasts of firmer prices. This group is likely to have slightly higher prices in sweaters and dresses. The prices of the $1.00 items are apt to move up strongly.

Handbags and accessories.--Leather handbags are lower this season because of earlier softening in the price of leather. Handbag manufacturers see higher prices in the Spring. Costume jewelry prices have not been seriously affected by rises in production costs. The tendency is to trade-up.

Miscellaneous women's wear.--Better lingerie is expected to be slightly up. Higher prices of brassieres, girdles, and other foundation garments are being announced by the trade.

Boys' apparel.--Boys' clothing, especially woolens, may increase in price. Shirts and cotton underwear are expected to be higher.

Men's clothing.--Clothing makers have posted increases ranging from 50 cents to $3.50 on summer weight suits for next spring. Some makers, however, are holding their old price lines. The industry claims that rising costs of labor and materials will not allow for profitable production at the old price levels. Men's shirts are expected to be 3% to 5% higher. Industry is speculating on a 5% overall increase in men's and boys' clothing. The large clothing stores are passing on the increase in a selective manner but the small merchant, with lighter store traffic is seeking to absorb part of the increases. Percentage wise, larger increases may be expected in the low price lines. Dollar wise quality apparel will probably take the full price increase.

RESEARCH:

In the competition to reach the consumer, the textile industry has continually expanded its research and development activities since the close of World War II, creating new fibers, improving wearing qualities of natural fibers, and developing endless combinations of fibers with desirable physical properties.

In the battle between the two ranking textile materials, cotton and rayon, researchers now say they have succeeded in strenghtening rayon and have made it behave more like cotton in the washing machine.

A cotton fabric resistant to flame, water, and acid is in process of development.

Australian technicians are working with chemicals that may mothproof wool before it is clipped from the sheep's back.

In this battle between fibers, the shopper today will usually find a label or tag attached to a garment attesting to the fact that the garment is crease resistant, or shrink resistant, or stain resistant or has qualities of water repellency, durability and a host of other physical properties. Generally, the consumer is familier with certain textile finishes such as Sanforized, Tebilized, Milium, and Zelan. These, however, are but four of the 342 active trade names of textile finishes produced by approximately 120 companies. Some of these finishes are claimed to impart as many as 25 different physical properties to a fiber, the average being between 5 and 6.

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In examining the entire group of 342 trade name finishes, there were 54 designed specifically for man-made fibers and 60 for natural fibers. The balance of 228 could impart one or more physical properties to both natural and man-made fibers.

Of the 60 finishes for natural fibers, 21 were for the treatment of only cotton and 7 for only wool. There were none specifically for treatment of silk or linen. It is interesting to note that of the 342 special finishes, 258 could be used on cotton.

SUMMARY:

In summary, the outlook for clothing in 1957 is generally favorable for the consumer. It has the indications of a buyers' market in which merchants will be attempting to trade-up. This will produce a greater variety of clothing in medium and better priced lines. Average prices are expected to be slightly higher. The year 1957 may find retail prices reacting more readily to wholesale price increases with many of the increases made on a selective basis. Consumers are becoming more sensitive to price increases which may lead to a wider range of prices between retailers.