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p. 2

Harold Taylor

93d Congress }
2d Session }

COMMITTEE PRINT

National

1975 U.S. AGRICULTURAL OUTLOOK

Conference

Papers Presented at the National Agricultural Outlook
Conference Sponsored by the U.S. Department
of Agriculture—Held in Washington, D.C.,
December 9–12, 1974

PREPARED FOR THE

COMMITTEE ON AGRICULTURE AND
FORESTRY
UNITED STATES SENATE

December 23, 1974

U.S. DEPT. OF AGRICULTURE
NATIONAL AGRIC. LIBRARY
APR 9 1975



Printed for the use of the Committee on Agriculture and Forestry

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1974

42-612

Historic, Archive Document

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CLOTHING AND TEXTILES: SUPPLIES, PRICES, AND OUTLOOK FOR 1975

[By Virginia Britton*]

CLOTHING EXPENDITURES AND PRICES

Consumer spending on clothing and shoes was running at an annual rate of about \$351 per person in 1974, according to preliminary figures for the first three quarters of the year. This amount is about \$17 higher than in 1973. However, because of higher price levels in 1974, there appears to be a decrease of about 2 percent in terms of dollars of constant value (table 1).

The price level for apparel and upkeep averaged 6.9 percent higher during the first 9 months of 1974 than during the same period in 1973. The rise for clothing was, as usual, less than for the all-items index of the Consumer Price Index (table 2).

Among the three apparel subgroups, men's and boys' clothing led the price advance with an average increase of 7.1 percent during the first 9 months of 1974 over the same period of 1973. Increases were slightly less than 6 percent for women's and girls' clothing and for footwear.

Trade papers report consumer resistance to price increases, with trading-down in price lines, and demands for longer-lasting clothing and textiles of good quality and conservative style in the higher price lines. Women are reported to be accessorizing costumes they already own, using fancy printed sheets for drapes and bedspreads, and buying cheaper goods in items that children outgrow before wearing them out. Manufacturers of items such as shirts, pantyhose, and sheets are seeking to maintain their price lines in spite of increased costs to avoid pricing themselves out of the market. Thread manufacturers are promoting home sewing of garments, draperies, and slipcovers as a way of cutting costs. Estimates are that 45 million women make a total of 185 million garments a year at home plus some home furnishings and spend over \$3 billion a year for fabrics, thread, trimmings, zippers, notions, and patterns.

Retailers' efforts to cut costs and hold down prices include leaner inventories of clothing, with early markdowns of slow-moving goods; the hiring of fewer salesclerks; promotions of "irregular" items such as sheets and towels; and more emphasis on private (retailer) brands. Advertising stresses middle and lower priced items. Retailers are increasing their showing of simpler items such as casual "leisure" suits for men; slacks and jeans; warmer and more practical clothing for

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women; and sneakers as low-priced footwear for adults as well as children. Retailers are importing items such as leather shoes and handbags from Brazil; sweaters, pantsuits, and flannel shirts from Hong Kong; and garments and nonleather shoes from Taiwan when they can be bought more cheaply. However, U.S. imports of footwear were lower during the first 9 months of 1974 compared with the same period in 1973. Imports of total footwear (in number of pairs) were down 7 percent, while imports of leather footwear were down about 14 percent. Imports provided about 40 percent of our domestic supply of total nonrubber footwear. According to preliminary estimates, domestic production of shoes during the first 8 months of 1974 was 10 percent lower than in the same period of 1973.

During 1975, price levels for apparel will probably continue to rise, and consumers will be bargain-hunting or trading-down. As pressures on consumer income continue, reduced amounts available for discretionary spending may bring further reductions in the average person's spending on clothing, at least in terms of dollars of constant value.

SUPPLIES OF RAW MATERIALS

U.S. mill use of total fibers in 1974 is estimated to be about 6 percent lower than in 1973 on a per capita basis. The preliminary estimate is a total mill use of almost 56 pounds of fiber per capita in the calendar year 1974 including about 16 pounds of cotton, 39 of manmade fibers, and less than 1 pound of wool.

U.S. mills will probably have used about 11.8 billion pounds of fibers in calendar year 1974, down from the 12.5 billion pounds used in 1973. Raw fibers moved from a "shortage" situation in early 1974 due to the oil embargo, to a "surplus" situation in the later part of the year due to declining demand. Reduced consumer purchases of textile products and reduced demand for items such as carpets and drapery by the depressed housing industry result in retailers cutting back their orders which in turn causes cutbacks at the fabric level and ultimately at the raw fiber level. The slowdown in demand in the textile industry started to become acute in August and September 1974, and curtailment of production was announced by various mills. Substantial improvement is not generally expected before late 1975. Mill managers are also worried about possible shortages of natural gas for their finishing plants during the winter and are seeking deregulation of gas prices in hopes of maintaining their supplies of gas.

Although U.S. cotton supplies are moderately lower for the current crop year, August 1, 1974 to July 31, 1975, than in the previous year, declining use by U.S. mills and for export will allow a sizable increase in cotton stocks by August 1, 1975. U.S. mills use during the current crops year is expected to be at the lowest level since the late 1930's. Continued declines in cotton prices in recent months from last season's highs primarily reflect weaker demand for cotton, more than offsetting the recent deterioration in crop prospects. Weaker demand for cotton is primarily due to lower mill use of all fibers, but also to greater relative abundance of manmade fibers than early in the year, and large imports of cotton textiles.

Manmade fibers also moved from a shortage to a surplus position during 1974. Producers' stocks of noncellulosics were reduced to an

“absolute low” by February 1974 when, as a result of the oil embargo and declines in petrochemical feeder stocks, production cutbacks were as much as 35 percent by some major producers. Inventories at the end of September were markedly higher than earlier in the year. U.S. producers’ stocks of noncellulosic fibers (largely polyesters and acrylics) rose about 16 percent in September 1974 as shipments declined from the previous month. Shipment of cellulose (rayon and acetate) also declined in September with a resulting increase in inventory. Following this inventory build-up, production cutbacks for man-made fibers were announced, many in October, by a number of major producers, and may have totaled about 20 percent for the industry by early November. Cutbacks in production were also announced in Europe and the Orient, perhaps amounting to 20 to 30 percent since June. The cutback in polyester fibers for apparel was particularly sharp.

With cutbacks in orders, some price reductions for manmade fibers may occur, or at least there may be a slowdown on price increases. Some building plans for new plants may be slowed down. For the manmade fibers industry, supply and demand for petrochemicals are expected to be in balance in 1975, according to the Federal Energy Administration in October 1974. Crude oil requirements of the fiber industry amount to only 1 percent of total national requirements, according to trade reports.

U.S. wool production (apparel class) in 1974 is estimated at 8 percent below last year’s. The U.S. outlook for 1975 is for continued decline in sheep numbers and wool output. However, world production of wool is expected to increase in 1975 and prices may be somewhat lower than present levels, especially if textile mill activity continues to be sluggish. Recent trade reports indicate greater use of all-wool and wool blends for fall 1975 in higher priced garments such as men’s tailored suits and women’s coats. But markets lost to man-made fibers in recent years will be difficult to regain despite limited availability and high prices of petrochemicals. Textile mills will want assurances of more stable supplies and prices for wool.

U.S. production of cattle hides in 1974 was estimated at about 8 percent above 1973, as more cattle went to market. Furthermore, cattle marketings in 1975 are expected to increase about 8 percent over 1974. Net exports of cattle hides in the first 8 months of 1974 were up some from the same period of 1973. Increases went largely to Japan since cattle marketings in Western Europe were substantially higher than in 1973. It should be kept in mind that shoes with nonleather uppers constitute a large part of the U.S. supply of shoes, and most shoes have nonleather soles.

CONCLUSION

Many of our suggestions made last year still apply. As consumers we need to plan carefully any necessary purchases of clothing and textiles, shop wisely for appropriately durable items, and repair and alter garments to extend their use. Garments that we can no longer wear should be given away. As we manage our incomes, we direct the use of the nation’s resources for the items most important to us. As a result of consumer resistance to rising prices for clothing and

textiles and retailers' efforts to cut costs, we may find that stores have smaller and less varied stocks than we are accustomed to seeing. Retailers are likely to concentrate on what they expect will be best-selling items; the ultimate simplification would be unisex, unisize, and unistyle garments. Clearance sales come early. Major shortages are unlikely. Because supplies of raw materials are expected to be large in relation to demand during the coming year and plant capacity and labor are available, production can be increased in response to any rise in consumer purchases.

TABLE 1.—ANNUAL EXPENDITURES ON CLOTHING AND SHOES

Years ¹	Per capita expenditures		Percent of expenditures for personal consumption		Aggregate expenditures	
	1958 dollars	Current dollars	1958 dollars	Current dollars	Billions of 1958 dollars	Billions of current dollars
1929.....	149	77	13.0	12.1	18.2	9.4
1930-40.....	122	51	11.8	10.7	15.6	6.5
1941-46.....	151	100	11.8	12.9	20.7	13.7
1947-61.....	144	140	9.0	9.4	23.5	22.9
1962-65.....	160	170	8.4	8.3	30.6	32.4
1966.....	185	204	8.7	8.6	36.4	40.3
1967.....	184	213	8.5	8.6	36.6	42.3
1968.....	188	231	8.3	8.6	37.8	46.3
1969.....	191	248	8.3	8.7	38.8	50.2
1970.....	191	258	8.2	8.6	39.1	52.8
1971 ²	197	277	8.2	8.6	40.8	57.3
1972.....	209	302	8.3	8.6	43.6	63.0
1973.....	220	334	8.4	8.7	46.3	70.2
1974 ³	215	351	8.4	8.5	45.4	74.2

¹ Earlier years are grouped on basis of similarity in level of per capita expenditures in 1958 dollars.

² Revised data for 1971-73.

³ Preliminary figures—Average of estimates for 1st 3 quarters of 1974 (i.e., seasonally adjusted quarterly totals at annual rates).

Source: Department of Commerce.

TABLE 2.—ANNUAL PERCENTAGE CHANGE IN SELECTED INDEXES OF CONSUMER PRICES

Index	1970	1971	1972	1973	1974 ¹
Consumer price index.....	+5.9	+4.3	+3.3	+6.2	+10.8
Apparel and upkeep index ²	+4.1	+3.2	+2.1	+3.7	+6.9
Men's and boys' clothing.....	+4.2	+2.7	+1.3	+3.7	+7.1
Women's and girls' clothing.....	+3.8	+3.5	+2.4	+3.5	+5.8
Footwear.....	+5.3	+3.2	+2.8	+4.2	+5.6

¹ Preliminary estimates—Average for 1st 9 months of 1974 compared with average for 1st 9 months of 1973.

² Also includes infants' wear, sewing materials, jewelry, and apparel upkeep services, for which separate indexes are not available.

Source: Bureau of Labor Statistics.