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FAMILY LIVING

CLOTHING AND TEXTILES: SUPPLIES, PRICES, AND OUTLOOK FOR 1976

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CLOTHING EXPENDITURES AND PRICES

Annual spending by consumers for clothing and shoes is estimated to be about $369 per person in 1975, according to preliminary figures for the first three quarters of the year (table 1). Although this amount is $19 higher than in 1974, about three-fifths of this increase is accounted for by higher prices rather than by increased buying.

The price level for apparel and upkeep as measured by the Consumer Price Index (CPI) averaged 5.2 percent higher during the first 9 months of 1975 than in the same period in 1974 (table 2). Among the three apparel subgroups, men's and boys' clothing averaged 5.2 percent higher than in 1974; footwear, 5.1 percent higher; and women's and girls' clothing, 2.8 percent higher.

Trade reports indicate that retailers and manufacturers of clothing and textiles recognize the effect on their sales of higher costs to families of the basic necessities, chiefly food and fuel, in the past 2 years.[1]

For example, from September 1973 to September 1975, while apparel and upkeep price levels increased 12 percent, consumers had to adapt their budgets to price increases such as 19 percent for food at home, 25 percent for medical care, 50 percent for gasoline and motor oil, 38 percent for gas and electricity and 79 percent for fuel oil and coal, as shown by the CPI. While these price increases affect all consumers, especially those with restricted or inflexible income, they affect some more than others: large families are particularly hurt by increases in food prices, older persons by increases in medical care prices, rural families by increases in gasoline and motor oil for transportation, and families in colder climates by increases in prices for heating fuel.

Trade papers summarize the retailer's current goal as to trim costs and raise profits rather than simply build sales. To this end, particular emphasis is given to inventory control and rapid turnover. Inventories have been worked down by special sales and clearance sales and are said to be lower and more balanced than a year ago. Retailers are

[1] Discussion of business trends is based on review and assessment over several months of news items in trade sources such as the *Daily News Record*, *Textile Organon*, *America's Textiles*, *American Fabrics and Fashions*, *Chemical and Engineering News*, and the *Wall Street Journal*, as well as trade reports in the *New York Times* and *Business Week* and other publications of general circulation.

striving to hold down inventories by buying closer to the season and re-ordering more often. Retailers seek "sure-sellers" or "hot movers," but fewer big ticket, low-turnover goods or fringe items, which may mean a smaller variety than in the past and fewer clearance markdowns. They want fashion and promotion goods with fresh inventories and fast turnover, even reducing quickly the prices of fashion goods. There is stepped-up merchandising of men's wear that emphasizes fashion, multiple seasons (at least four a year), and more flexibility in color, style, and fabric.

Chain retailers reported good fall 1975 sales in children's apparel and shoes, but continued strong price resistance except in hot items such as prewashed denims, corduroy sportswear, and men's leisure suits. For next spring and summer, featured items are expected to include separates and coordinates; color-coordinated goods in a range of weights; women's scarves, stoles, shawls, and other items that can be coordinated; and men's print sport shirts and casual pants. Leisure suits will vary from casual to moderately tailored, and sportswear-oriented clothing is expected to be important even for tailored clothing.

Retailers purchased about 9 percent fewer shoes (nonrubber) in the first 7 months of 1975 than a year earlier, according to estimates from the U.S. Department of Commerce. Purchases from U.S. producers declined, while imports remained about the same. In August the U.S. nonrubber shoe industry claimed that imports caused it "serious injury" and asked the International Trade Commission to put mandatory quotas on footwear from some foreign countries. In the first 7 months of 1975, retailers purchased about 56 percent of their shoes from U.S. producers—27 percent with uppers of leather (all or part), 17 percent with vinyl, and 12 percent with other materials (such as fabric and straw). About 44 percent of retailers' purchases were imported, including 21 percent with leather uppers, 16 percent with vinyl, and 7 percent with other materials. In total, about one-half of the shoes had nonleather uppers, compared with about one-third in 1970; and most shoes had nonleather soles.

During 1976, price levels for apparel will probably continue to rise as the economy revives and as increased costs are pasesd along. However, continued pressures on consumer income, limiting amounts for discretionary spending, may prevent any large rise in average spending on clothing in terms of dollars of constant value.

SUPPLIES OF RAW MATERIALS [2]

U.S. mill use of *fibers* in calendar year 1975 will drop below 50 pounds on a per capita basis. This compares with 1974 use of 52 pounds, including about 16 pounds of cotton, 36 pounds of manmade fibers, and less than 1 pound of wool. Prior to the recent recession, fiber use hit a record of nearly 60 pounds per capita in 1972.

Although U.S. mills are using less cotton this year, mill use has been increasing since the low point reached early in 1975. Manufacture of textile mill products, which reached a low point in February 1975, had risen by 18 percent by the beginning of the third quarter, according to preliminary estimates of the Federal Reserve Board. (In

[2] Except where specifically noted, estimates of supplies were provided by the Economic Research Service of the U.S. Department of Agriculture.

spite of increasing production in 1975, this latest estimate was still 16 percent below the peak in December 1973.) With general economic activity improving in 1976, mill use of fibers will probably increase from the 1975 level. Although a development of natural gas shortages this winter could hinder textile operations, industrial users have been permitted since August to search out their own supplies. The Federal Power Commission's first decision, issued October 23, gave Dan River Mills of Virginia permission to buy natural gas directly from a Texas producer without regard to the federally-set ceiling on the price of the fuel. Other companies are expected to seek permission also (*Washington Post*, October 24).

With the sharply smaller *cotton* crop expected for 1975, smaller U.S. cotton supplies are expected for the current crop year, August 1, 1975 to July 31, 1976, despite much larger cotton stocks at the beginning. However, somewhat smaller exports during the current crop year will mean adequate supplies for domestic mills. U.S. mill use of cotton is expected to recover sharply this year, the exact level depending on the strength of continued recovery in general economic activity and textile production, as well as on competition from manmade fibers.

Prices for most qualities of cotton have risen from the January 1975 bottom, primarily reflecting reduced 1975 crop prospects, improving demand, and producer resistance to selling at the previous low prices. Although current prices are a little above prices for competitive rayon and polyester staple, increasing manmade fiber production cost may soon narrow the gap.

Shipments of *manmade fibers* by U.S. producers have generally been rising in 1975, and figures for August were approximately 9 percent higher than for July, according to *Textile Organon* (September 1975). However, total shipments during the first 8 months of 1975 were about 19 percent lower than in the same period in 1974. Trade papers report that several major producers of polyester filament yarns plan a new round of price increases effective with November 1975 shipments. Price increases were also scheduled for rayon staple and for triacetate filament yarns. Some fiber producers talk of prices equal to or higher than the 1973–74 highs because of increasing costs of raw material and production, and of meeting requirements under new environmental regulations. However, such prices may encourage imports, at least temporarily. A warning was issued by the president of Concord Fabrics who urged fiber producers, mills, and finishers to "exercise pricing restraint and moderation now" to avoid consumer resistance to the higher prices (*Daily News Record*, September 19).

U.S. *wool* production (apparel class) for 1975 is estimated at 10 percent below 1974 and 18 percent below 1973, and the outlook for 1976 is for continued decline. U.S. farm prices of shorn wool in 1975 are running well below prices in the previous 2 years. There are, however, very large foreign stocks of raw wool available, though foreign prices are higher than U.S. prices. U.S. mill use of raw apparel wool in 1975 has been running ahead of 1974. Further increase in wool use by U.S. mills will depend largely on the level of economic recovery and the competition of manmade fibers.

U.S. production of cattle *hides* in 1975 was about 10 percent higher than in 1974, according to preliminary estimates. The projection for

1976 is for a further 3 percent increase. In 1975 these hides may have been smaller than in the past because of lower slaughter weights of range animals than of those finished in feedlots. Slaughter weights are expected to be increasing again in 1976 as fed cattle slaughter increases. An increase in the supply of leather on the market may result from the development of techniques for skinning hogs presently used by some packers and being considered by others. New techniques for tanning pigskins to eliminate grease should result in greater use of this material for leather. Growing fashion for leather with the individual scratches and markings of the original hide and for leathers and suedes of varied colors for garments is seen by the Tanners' Council.

CONCLUSION

Prospective supplies of raw materials appear adequate for the year ahead, and production capacity is available unless hampered by a development of shortages of natural gas this winter. Prices of clothing and textiles are expected to rise as higher costs are passed along, although the increases may be moderated to avert consumer resistance. As retailers strive to hold down inventories by concentrating on fast-moving items, consumers may find a less varied selection than in the past. Stocks may be incomplete as to size and color, especially in the basic nonfashion goods, such as simple underwear, nightwear, socks, and rainwear, which may encourage buyers to purchase higher priced fashion goods.

SUGGESTIONS FOR CONSUMERS

How can consumers stretch the clothing dollar under next year's market conditions? For one thing, consumers can take advantage of the fashion for separates. Single items can be purchased at moderate cost to mix the wardrobe already owned, or special skirts or shirts can be made at home. Separates are useful for both adults and children, and are helpful in adapting the wardrobe to changes in the person's size or in the weather while allowing for variety and personal taste in the way that garments are combined. High-fashion can be introduced in the accessories purchased or handmade. Treasured bits of handweaving and other craft items, new or old, can be used. On the other hand, classic styling of bigger-ticket items such as coats, suits, better dresses, and street shoes helps to extend their use to a variety of occasions and through more years of wear.

Another way to stretch the dollar is to check into the various retail outlets. If basic clothing and shoes are not readily available in the fashion stores, basic items may be found in the grocery supermarkets and the variety stores, which may also carry inexpensive accessories. Buyers can also check the catalog chains, their stores and surplus stores, as well as discount shops and factory outlets. Furthermore, they can check thrift shops and charity bazaars for used separates, such as sweaters, jackets, shirts and skirts, to wear with garments already owned. Exchange plans in schools and neighborhoods help move outgrown garments to those who can use them. Consumers can cope with the changed situation, test their adaptability, and have some interesting learning experiences at the same time.

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	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	212	350	8.3	8.5	45.0	74.1
1975 [2]	217	369	8.6	8.4	46.3	78.8

[1] Earlier years are grouped on basis of similarity in level of per capita expenditures in 1958 dollars.
[2] Preliminary figures—Average of estimates for 1st 3 quarters of 1975 (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	1971	1972	1973	1974	[1] 1975
Consumer price index	+4.3	+3.3	+6.2	+11.0	+9.7
Apparel and upkeep index [2]	+3.2	+3.2	+3.7	+7.4	+5.2
Men's and boys' clothing	+2.7	+1.3	+3.7	+7.9	+5.2
Women's and girls' clothing	+3.5	+2.4	+3.5	+6.0	+2.8
Footwear	+3.2	+2.8	+4.2	+6.1	+5.1

[1] Preliminary estimates—Average for 1st 9 mo of 1975 compared with average for 1st 9 mo of 1974.
[2] Also includes infants' wear, sewing materials, jewelry, and apparel upkeep services, for which separate indexes are not available.

Source: Bureau of Labor Statistics.