

CONGRESSIONAL RECORD

TABLE II.—FINANCIAL AND OPERATING DATA—15 LEADING TEXTILE COMPANIES

(Based on latest available statements. Earnings and prices adjusted where necessary for stock dividends and splits)

	Burlington Industries (9)	Cannon Mills	Collins & Aikman (2)	Cone Mills	Dan River Mills	Fieldcrest	Graniteville	Indian Head (11)	M. Lowenstein & Sons	Reeves Bros. (6)	Riegel Textile (9)	Springs Mills	J. P. Stevens (10)	United Merchants (6)	West-Point Pepperell (8)
Common shares outstanding ¹	25,322	* 1,907	2,488	3,422	5,608	3,512	1,600	2,522	3,192	1,326	2,516	8,608	5,314	5,909	4,750
Long term debt ²	\$297.1		\$20.5	\$42.4	\$63.2	\$30.2	\$12.5	\$62.1	\$52.2	\$22.1	\$37.1		\$147.4	\$105.8	\$0.8
Preferred stock ³			45.7	133.2	134.8	63.1	46.5	10 1/2	116.1	47.1	61.8	261.5	326.1	210.1	180.3
Common stock equity ⁴	577.0	194.4	53.6	124.5	166.1	59.7	39.3	97.3	142.7	48.8	60.9	131.8	375.7	467.1	137.2
Current assets ⁵	552.3	153.3	53.6	124.5	166.1	59.7	39.3	97.3	142.7	48.8	60.9	131.8	375.7	467.1	137.2
Current liabilities ⁶	147.5	33.2	14.7	44.1	63.2	22.4	14.7	44.7	54.2	16.6	28.2	18.9	91.8	265.1	38.9
Net working capital ⁷	404.8	120.1	38.9	80.4	102.9	37.3	24.6	52.6	88.5	32.2	32.7	112.9	283.9	202.0	98.3
Net sales ⁸															
1967	\$1,364.6	\$284.0	\$168.0	\$262.6	\$256.5	\$175.0	\$113.0	\$287.8	\$291.5	\$134.2	\$155.7	\$243.1	\$794.2	\$607.0	\$334.7
1966	1,371.6	290.5	164.5	284.0	281.4	171.4	119.1	225.5	300.9	124.0	142.5	248.9	805.3	600.5	352.0
1965	1,313.3	278.7	153.7	253.9	246.3	158.9	106.3	188.9	288.7	110.4	120.7	251.5	760.0	559.7	316.8
Earnings per share:															
1967	\$2.85	\$9.00	\$2.70	\$1.90	\$2.00	\$2.55	\$3.45	\$2.75	\$2.10	\$3.75	\$2.65	\$1.00	\$5.35	\$3.50	\$3.80
1966	2.30	7.25	2.35	1.84	1.40	1.58	3.38	2.38	1.60	3.48	3.02	.79	4.14	2.56	4.15
1965	3.06	10.74	2.50	3.58	2.73	2.40	3.91	2.35	2.47	4.01	2.93	2.09	6.18	4.07	4.57
1964	2.76	13.32	2.76	2.71	2.55	2.25	3.66	1.74	2.12	2.74	2.25	2.48	5.63	3.11	3.94
Common price range 1966-68	51-25	128-74	35-18	32-20	38-20	34-19	41-21	46-17	27-15	41-23	50-17	26-16	81-37	37-22	64-35
Recent price	40	80	27	21	23	33	27	34	19	34	32	19	54	29	50
Price X estimated 1968 earnings	14.0	8.9	10.0	11.0	11.5	12.9	7.8	12.3	9.0	9.1	12.1	19.0	10.1	8.3	13.2
Indicated dividend	\$1.20	\$4.00	\$1.20	\$1.00	\$1.20	\$1.20	\$1.40	\$0.60	\$0.80	\$1.50	\$1.20	\$1.00	\$2.25	\$1.20	\$2.25
Yield, percent	3.0	5.0	4.4	4.8	5.2	3.6	5.2	1.8	4.2	4.4	3.7	5.3	4.2	4.1	4.5

¹ Thousands.² Combined common and class B stock.³ Millions.⁴ Includes \$40,000,000 of debentures convertible into common stock at \$39 a share.⁵ Includes \$10,000,000 of debentures convertible into common stock at \$31 a share.⁶ Includes \$12,500,000 of debentures convertible into common stock at \$42 a share.⁷ Includes \$15,000,000 of debentures convertible into common stock at \$43.50 a share.⁸ Includes \$27,700,000 of debentures convertible into common stock at \$56.43 a share.⁹ Includes \$40,000,000 of debentures convertible into common stock at \$34.25 a share.¹⁰ Represented by 335,875 shares convertible into 3.64 shares of common stock until 1972 and decreasing amounts thereafter.¹¹ Estimated.¹² For fiscal year ending in following calendar year.¹³ Assuming a 10 percent tax surcharge.¹⁴ Includes extras.

Note: Figures in parentheses after company name indicates month in which fiscal year ends.

Late in 1967, the U.S. Tariff Commission investigated the impact of imports on the U.S. textile and apparel industries. Since the Commission did not recommend import curbs, the industry is seeking quantitative controls on textile imports of all fibers. Pending in Congress are two bills requiring curbs on imports of woolen and synthetic textiles. It appears that the success of an import quota bill may require that it be attached to an omnibus trade bill or to the balance-of-payments proposal, which would impose a border tax on textile imports. Some industry executives believe that prospects for new import controls this year are especially favorable.

The outlook is for some increase in imports this year, especially synthetics. However, we believe that the U.S. textile industry's ability to meet competition through quality, service, new technology, and highly efficient facilities will go far to stem the inroads made by imports.

FIBER PRICES

Since fiber costs are the largest component of textile mill expenses, lower cotton costs in prospect later this year and a more stable price structure for synthetics, especially polyester, should benefit mill profits.

Cotton.—From April 1964, when the one-price cotton system went into effect, through 1965, cotton prices were in a steep decline. In 1967, they rose sharply, reflecting an unusually small crop and a shortage of quality grades. Fabric prices were increased, making cotton textiles more vulnerable to imports.

A tight supply began to develop in 1966 when the Government, faced with a record cotton carryover, took steps to restrict output. Results exceeded expectations, and production, aggravated by poor growing conditions, fell from 14.9 million bales in 1965 to

around 7.4 million in 1967. As mills rushed to cover their requirements last year, prices of long fiber cotton (1 1/16th inch and longer) soared from about 26¢ a pound in August to 34¢ in December, with futures contracts climbing as high as 40¢. Price increases for shorter lengths were less steep, because the advantage of lower cost is partially offset by difficulties in weaving and the production of coarser and weaker yarns. While some mills switched to shorter fiber cotton, others increased their use of rayon and acetate. In 1967, cotton declined to 49% of all fibers used, from 63% in 1959.

This year, the Department of Agriculture is scheduling production of longer staples at a record level of 8 to 8.5 million bales of a total cotton crop goal of 13 to 13.5 million bales. This should result in lower cotton prices in the latter part of the year.

Synthetics.—Although prices for synthetics have moved within a narrower range than those for natural fibers, the downward trend of prices has accelerated in recent years as a result of increased production and technological improvements. Polyester, widely used in blended fabrics, has dropped about 50% in price since the early 1960's. As the price of this fiber declined from 72 cents a pound in September, 1966, to 58 cents in May, 1967, mill customers, anticipating further reductions, were reluctant to make new buying commitments. This hesitancy had a severe impact on the textile industry's costs, forward sales, and inventory valuations. Some price recovery has taken place for polyester, and this has resulted in renewed buyer confidence. Recently, prices for nylon, rayon, and acetate have edged up slightly, but these cost increases are quite likely to be partially offset by higher fabric prices. Last year, man-made fibers

accounted for 47% of fiber consumption, vs. 30% in 1959.

Wool.—Wool costs tend downward since early 1964, and prices for shorn wool last year averaged about 10 cents a pound below the 1966 average of 52 cents. Wool prices this year are likely to approximate the 1967 levels. Consumption of wool reached a low of 3.4% of total fibers used in 1967, vs. 6.4% in 1959.

RECENT OPERATING RESULTS

Industry sales of textile products in 1967 were about 3.6% below the peak \$19.5-billion level a year earlier. Profit margins narrowed, with the result that net earnings declined about 24% (Table 1). The depressed profits were caused by a continuation of the conditions that affected operations beginning in 1966.

Textile sales were extremely strong in the first half of 1966, reflecting not only a booming civilian economy but also increased Government procurement resulting from the escalation of the war in Vietnam. To supplement domestic production, it was necessary to increase imports sharply. Fearful of shortages, mill customers built up inventories, which eventually reached excessive levels.

Beginning in the fall of 1966 and continuing into 1967, a general economic slowdown resulted in a slower pace of retail sales, home construction, and automobile production—important resources of textile demand. With consumers spending an unusually small proportion of their disposable income, and in view of tight money and higher interest rates, mill customers reduced forward buying commitments and worked down existing inventories. These declines were magnified by three factors: (1) overcapacity in man-made fibers, which brought on price erosion; (2) substantial unused capacity at the textile mill