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TECHNOLOGY AND LABOR IN THE TEXTILE INDUSTRY

(By Rose N. Zeisel)

The textile industry is undergoing technological, managerial, and marketing changes that will significantly affect its utilization of manpower in the 1970's. These developments are being stimulated by competitive pressures and sustained by relatively high profit rates of the last few years, the emergence of larger, vertically integrated companies, and substantial investments in plant and equipment. The changes, however, are spearheaded by large companies with necessary financial means while thousands of small firms are only moderately involved in modernization. Consequently the gap in unit costs and productivity between the industry's leading and marginal mills may widen, placing the smaller plants under increasing competitive pressure.

This article describes the general economic setting and major technological developments in the textile industry, as well as their impact on productivity, employment, and skill requirements; and discusses industry provisions for adjustments to these changes.[1]

THE SETTING FOR CHANGE

Textile producers faced several critical postwar readjustment problems which brought about a severe contraction of employment that lasted until 1963. As textile capacity of the war-torn and the developing countries expanded, the U.S. textile export markets were cut back and the volume of imports increased substantially. At home, textile products encountered increasing competition from paper and plastics, particularly in industrial markets, and traditional cotton and wool products from manmade fiber products. Having been geared to peak wartime output and large postwar markets, the industry found itself in the 1950's with overexpanded capacity, obsolete equipment, and high unit costs. Many hundreds of high-cost mills, unable to compete in the smaller postwar market, were closed, or merged with, or were acquired by, financially stronger companies. Low levels of production and prices, small profits and investment in plant and equipment, and sharp declines in employment characterized the decade of the 1950's.

Early in the 1960's, the Federal Government, after extensive congressional hearings, instituted a seven-point program of aid to the textile industry. Among the measures adopted were the 1962 Long Term Arrangement with leading textile nations to provide for the orderly growth of cotton imports over a 5-year period; more liberal depreciation allowances to encourage investment; elimination of the two-price cotton system which had handicapped domestic textile producers;[2] and an expanded program of government-sponsored research. These provisions, and subsequent favorable economic conditions of the 1960's, created a new climate in the industry.

EXPANSION IN THE 1960'S

The industry's growth in the first half of the 1960's, reflecting increased demand for civilian and defense purposes, encouraged optimism and investment. From 1961 to 1966, according to Federal Reserve Board data, textile output grew at an average annual rate of 5.9 percent. Although this was still below the rate for manufacturing as a whole, it was considerably above the average textile rate of 1.3 percent for the 1947–57 period and 2.6 percent for the 1957–61 years.

The financial position of the industry also improved considerably in the 1960's, although relative to all manufacturing, rates of return remained substantially lower. Internal funds from undistributed corporate profits and corporate capital consumption allowances (depreciation charges and accidental damage to fixed

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[1] This article summarizes the findings of a study based on mill visits, industry and labor consultations, and secondary sources. The full study, including the citations of sources used, will be presented in a forthcoming BLS Bulletin, *Technology and Manpower in the Textile Industry of the 1970's*.

[2] Under the Government's program, raw cotton could be exported at 8½ cents per pound below the domestic price. Foreign textile manufacturers could buy raw cotton at the lower price and sell the finished cloth in the United States.