

capital) increased from an average \$420 million in the 1950–59 period to \$695 million in 1960–66, an increase of 65 percent.³

Demand for textiles is expected to grow at a high rate in the 1970's (but below the peak rate of 1962–66) because of larger proportions of teenagers and family-formation age groups (major textile consumers), increased disposable income, and greater promotional activities.

The volume of imports, a strategic and uncertain factor in the outlook, has been sharply increasing. The multilateral Long Term Arrangement for cotton textiles has recently been extended for a 3-year period. Wool and manmade fiber textile imports are unregulated. In 1966 imports of semimanufactured and manufactured cotton products constituted 10 percent of domestic consumption compared with 2 percent in 1955. Corresponding percentages in these 2 years for apparel wool were 22 and 7, and manmade fibers, 3 and 0.4, respectively.

The anticipation of future growth and the need to reduce unit costs in the textile industry are currently reflected in greater investment in new plants and equipment. Between 1962 and 1966, expenditures for these purposes were, on the average, more than double those of the 1950–59 period, and reached \$1.13 billion in 1966. But the bulk of these expenditures are being made by large companies. In 1963, establishments of multiplant companies, which constituted about one-fourth of all establishments in the industry, spent about three-fourths of the industry's total capital expenditures in that year, as shown in the following tabulation:

	Percent of textile establishments and capital expenditures in 1963, by—		
	All companies	Multiunit companies	Single unit companies
Establishments.....	100.0	25.7	74.3
Capital expenditures.....	100.0	77.1	22.0

Source: "Census of Manufactures, 1963" (U.S. Bureau of the Census).

The industry's capacity increased by 23 percent between 1962 and 1966. A survey of large companies shows the change in the age composition of equipment over this period. The proportion of their equipment installed during the preceding 5 years was 38 percent in December 1966 as compared with 27 percent in the spring of 1962.⁴ (See chart.) However, the proportion of new equipment maintained by smaller companies is probably considerably less than that by larger companies.

An important factor in the changes taking place in the textile industry is the development of larger companies, through mergers and acquisitions, with emphasis on vertical integration and professional rather than family management. Traditionally, production and marketing operations have been highly fragmented, discouraging innovation. Although the small independent mill may be more flexible and responsive to fashion changes, it is often too far removed from the sources of supply and demand and, usually, is financially unable to initiate major technological changes.

An increasing proportion of the textile industry's output is being concentrated in the largest textile firms, although compared to many other large industries, concentration ratios are relatively low. In the cotton broadwoven sector, the value of shipments by the four largest companies rose from 18 percent of that sector's total shipments in 1954 to 30 percent in 1963; comparable data for the manmade fiber broadwoven sector was 30 and 39 percent over this period. There is, however, considerably less concentration in other textile sectors. In the knit outerwear industry, for example, the four largest companies accounted for 11 percent of total shipments in 1963, compared with the 1954 ratio of 6 percent. Industry experts expect the trend toward greater concentration to continue.⁵

³ *The National Income and Product Accounts of the United States, 1929–1965* (U.S. Department of Commerce, Office of Business Economics). The 1966 data are preliminary and unpublished.

⁴ *How Modern Is American Industry* (McGraw-Hill, Inc.), November 25, 1966. The survey covers only large companies.

⁵ Kurt Salmon Associates, "Managing Technological Change," *Textile Industries*, August 1967, p. 87.