

Jobbers or converters in the apparel (knit and woven) industry perform all the entrepreneurial functions of a manufacturing company. They buy raw materials, develop designs for the products that are to be manufactured, may do some processing of the raw materials in preparation for the manufacture of the final product, and sell the finished product to wholesalers or retailers. The actual making of the garments or processing of raw materials such as yarn, in whole or in part, is done for them however by firms known as contractors. These contractors provide the facilities and personnel needed to produce garments to the specification of the jobbers from materials owned by the latter. Contractors may also receive work from manufacturers in the industry seeking to supplement their own capacity to meet temporary or permanent demands on their firms.

The contracting system, at times referred to as the "outside system of production", is a basic characteristic of the garment industry not only in the United States but elsewhere. It makes for great flexibility in increasing and decreasing the supply of garments. It permits firms in the industry to expand output easily by spreading production over a large number of relatively small producing units. On the other hand, when these firms have no need for the additional production assigned to contractors, the costs of carrying the resulting idle capital equipment are, in effect, transferred to the contractors.

The operation of the contracting system as an essential component of the nation's apparel-producing machinery has been the source of many of the evils which have historically beset and continue to plague the