

products with good value. The road is, of course, risky. There are many firms in the industry competing for the same business. Even in the absence of low wage competition from abroad, many companies succumb in the process. We estimate business turnover in the industry today (including discontinuances and transfers) at approximately 18 percent per year.

The comparatively simple technology, the modest capital and skill requirements and the ability of smaller firms to compete successfully against larger ones serves to make relatively easy the entry of new firms into the industry and, at the same time, to stimulate the competitive environment in which the individual firms in the industry function. One of the consequences has been the tendency of the industry to suffer from chronic overcapacity. At the same time, these characteristics have permitted the industry to increase its output very rapidly, virtually overnight, either in response to changes in demand, or as a result of the constant search for competitive advantage, and without attention or regard to the resulting disruption of markets. This has been a constant source of instability in the domestic industry, which has been intensified in recent years by the ease with which large quantities of imports are turned on and off.

The characteristics previously mentioned --- simple technology, modest capital and skill requirements, ease of entry, small firms producing for a potentially large market --- have made the apparel (knit and woven) industry one of the most competitive in the