

nation. The large number of small, privately owned or controlled firms, each seeking to outdo the other, intensifies rivalry for business. Competition is not confined to producers manufacturing the same type of products, but extends to firms making other types of garments which can be substituted. Companies making overcoat and topcoats compete with those making raincoats, car coats and other types of sportswear. Companies making dresses face competition from those making skirts, blouses, sweaters, suits, slacks and other sportswear items.

The effects of the intense competition in the industry are manifold. It contributes to high business turnover and general instability. It spurs individual firms to utilize their know-how to attain the highest productivity possible in order to survive in competition with their domestic counterparts. It also provides internal discipline that keeps prices in line with costs and prevents unwarranted price increases. This is manifest in the long-term behavior of price indices for apparel as compared to overall price movements. Thus, the Bureau of Labor Statistics shows that wholesale prices of apparel in 1967 were only 2.6 percent higher than in 1951 as compared with a 10.3 percent increase in wholesale prices of all items (see Annex H). During the same period, prices of apparel at retail, where price discipline is not as effectively exercised, rose 8.7 percent as compared with a 28.5 percent increase in the Consumer Price Index (see Annex I).