

As a result of the industry's competitiveness, its profit margins on the sales dollar are the lowest in all manufacturing. An examination of quarterly data compiled by the Federal Trade Commission and the Securities and Exchange Commission, shows that profits in the apparel industry were 2.9 percent of the sales dollar after taxes in the last quarter of 1967 as compared with 5.5 percent for all nondurable goods industries and 5.0 percent for durable goods industries (see Annex J). Moreover, data gathered by the National Association of Bank Loan Officers and Credit Men for the purpose of evaluating the "health" of applicants for credit, show that profit margins are not significantly different in the different branches of the industry or as between companies of different size (see Annex K).

One of the most significant factors in the competition among domestic firms in the industry is its cost structure in which labor cost represents a very high proportion of the sales dollar. Wages and salaries, depending on the branch of the industry, range from an average of 22.6 percent to 38.0 percent of the value of the product^{4/} (see Annex L). The particular ratios represent labor costs incurred directly by manufacturers and jobbers (or converters) as well as the labor expenditures incurred by their contractors. In the case of contracting establishments, which are basically purveyors of labor service, labor costs are substantially higher, ranging from

^{4/}Wage and salary costs in relation to value added in the different branches of the apparel (knit and woven) industry range from 49.6 to 64.2 percent.