only planned but in the process of construction to meet anticipated demands within the next three years. This company reports that a modest program of imports from Spain and Italy met with excellent dealer acceptance.

Wolverine World Wide, smallest of the companies discussed here, showed the sharpest loss in net sales, declining from $55,813,275 in 1966 to $54,838,535 in 1967. This was attributed principally to a decline in sale of a fashion item—the *Hush Puppy* which was developed in 1965 and expanded rapidly. The company's President stated that they did not expect a repetition of such growth rates but that they did expect steady growth "at a healthy sustainable rate."

Wall Street preaches that in corporate life, as in family life, "downs" must be expected with "ups." Corporate reports prove the preaching. They prove too, over a period of years, that a decline in business for one or more years does not necessarily indicate lack of prosperity or decline in healthy growth. Submitted herewith as Exhibit C is a chart of reasons for a slight decline in 1967 as stated in the three corporate reports referred to. Most of these reasons are normal to corporate life. Labor shortages, excessive overtime payments, delays in opening new plants are expected by businessmen. Wolverine's reference to an expected setback in growth because of the devaluation of the British pound is noteworthy because it is related to the company's international growth and the worldwide granting of licenses for the sale of its popular *Hush Puppies*. This is evidence of a United States corporation depending substantially on international trade for its growth and development.

These reports are more significant for what they do not state. They explain losses in sales and earnings with no mention of import competition. The inference is fair that the losses resulted from the reasons given and from none other. The reports are individually and collectively optimistic and quite obviously unconcerned with import competition.

Such prosperity is found, as well, among smaller companies. Weyenberg Shoe Company, sixtieth nationally in pairage in 1966, nearly doubled sales for the quarter ending March 31 and net earnings increased 13.6 per cent. Profits did not rise in proportion to the 95.5 per cent jump in sales because the company is still in the process of reconstructing a subsidiary manufacturer. ("*Footwear News*," May 9, 1968.)

An Atlanta firm, Butler Shoe Corp., reports sales from January through April increased 17 per cent over last year and improved earnings by 40 per cent. Net profits of Compo Industries, Inc. tripled in the first quarter over last year while sales moved up 26.3 per cent and earnings moved from 6¢ to 17¢ per share. Sales increased $790,000 over this same period in 1967. ("*Footwear News*," April 25, 1968.)

William Iselin & Co., one of the nation's leading factoring firms, stated to *Leather and Shoes*. March 30, 1968, p. 4, that while smaller shoe firms may not show the profits of the larger competitors, their rate of return can be more impressive. The Iselin client group of six small shoe manufacturers had an average return on stockholders' investment of 14.5 per cent in 1965 compared with the average of 11.4 per cent for the top dozen firms in the industry. Improved shoe business in 1966 brought the return for the 12 largest companies to 13.1 per cent. The rate of return of the Iselin group skyrocketed to 20.9 per cent. The big firms improved their rate of return by 15 per cent, the six smaller firms by 44 per cent.

An article in the February, 1968 *Recorder*, p. 21, predicts conglomerates will move into the shoe industry at both the manufacturing and retail levels in 1968.

"With the stock market at a relatively high level, these diversified companies are turning to fields where bettter values are available at lower price-earnings multiples. * * * The purchase of Eastland Shoe by Standard Prudential United is a clear indication of this. * * * In effect, *they buy management and they know that most shoe firms are run by capable, experienced personnel.*

"This alone assures that more conglomerates will be bargain hunting in the under-capitalized shoe industry."

Again in the April, 1968 *Boot & Shoe Recorder:*

"*This year should be another big one on the merger front.* There will be 3,200 to 3,300 acquisitions of all kinds in U.S. business and industry, compared to last year's 2,975 recorded mergers, notes W. T. Grimm and Co., a Chicago-based financial consultant firm. Grimm predicts that *conglomerates will account for a greater percentage of mergers. That should interest the shoe indsutry since multi-division organizations have been showing keen interest in shoe manufacturers.* Those which bought shoe properties for the first time in 1967 note that the