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FOOTWEAR MANUFACTURING

Advantages of a Georgia Location

by Gaston A. Parets

INDUSTRIAL DEVELOPMENT DIVISION

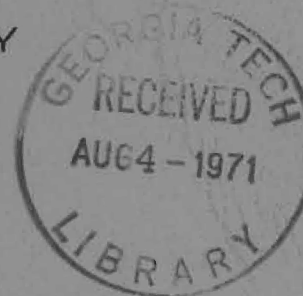
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Engineering Experiment Station

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Summary

A Georgia shoe manufacturing plant with an annual output of 2 million pounds of footwear, a production work force of 320 persons, and 260 workdays a year could serve the growing 16-state southern market at annual operating cost savings of more than \$400,000 over a similar concern in Massachusetts. The bulk of the savings would be in labor costs -- about \$359,000. Freight savings of roughly \$46,000 and reductions in utilities costs totaling around \$22,000 also could be realized.

For many decades, New England has been the largest and most important footwear production center in the United States. Since the turn of the century, however, the region's share of the national footwear output has declined rapidly from about 50% in 1900 to 28% in 1969.

The main reason for the displacement of this activity to other areas of the country, including the South, has been the high production costs prevailing in New England which do not permit manufacturers to compete with the burgeoning volume of imported footwear. The resulting picture is a growing shoe market with a decreasing or fluctuating domestic production. Between 1960 and 1969, domestic shoe output fell from 600 million pairs to 582 million pairs annually while imports rose over 600%, from 26.6 million pairs to 195.7 million pairs. Today, over one-fourth of the shoes sold in the United States are imports.

Since the most important cost factor in the highly labor-intensive shoe industry is labor itself, producers have been searching for new areas in which costs, especially wages, are low enough to justify the high cost of relocation.

The expanding consumer market in the 16-state southern region, composed of the South Atlantic, East South Central, and West South Central census geographic divisions, and the low production costs in some areas within the region suggest the possibility that a good location for the establishment of a footwear manufacturing center could be found within this area. The fact that more than 47 million pounds of footwear were shipped from New England to these three divisions in 1967 indicates that additional savings in transportation could be realized by northeastern producers shipping to the South.

The growth opportunity that the South offers is indicated by the fact that shoe store retail sales between 1954 and 1967 increased at a rate that clearly outpaced the national sales growth, causing the South's share to rise from 23% to 25% of the U. S. total. Area population has increased by 12% since 1960, and a 13.5% gain is projected for 1975. Per capita effective buying income rose 21% in just three years (1966-1969). Further evidence of the profitability of shoe manufacturing in the South is the growth record of the industry in the region during the 1954-1967 period: employment rose by 66% and value added by manufacture more than tripled.

The low wage pattern prevailing in Georgia, due to the nature of the industry in the area, and the geographic location of the state, which contributes to its position as the most important transportation center in the Southeast, make the establishment of shoe manufacturing activities in Georgia a profitable alternative for a northern producer. In addition to the substantial reductions in labor, distribution, and utilities costs accruing from a Georgia location, skilled production workers can be made available through the state's "Quick Start" program of training tailored to individual plant requirements, and labor-management relations are generally good. Georgia's transportation network includes the services of eight Class I railroad lines operating 5,558 miles of track, over 100 scheduled motor freight carriers, two deepwater ports, and 17,332 miles of paved highways. Other advantages include a temperate climate, low construction costs, and a fair tax structure.

INTRODUCTION

This report is concerned with the footwear industry in the United States and the economic advantages that can be derived from the establishment of manufacturing activities in the state of Georgia. The industry, identified by the Bureau of the Budget as Standard Industrial Classification (SIC) 3141, comprises establishments primarily engaged in the manufacture of non-rubber boots and shoes designed primarily for street, work, play, or sportswear. The report does not attempt to study the industry in depth; specific studies would have to be conducted by interested individual companies based upon their specific needs and requirements, such as markets, distribution system, and similar considerations. It does not prove by any means that Georgia is the ideal shoe manufacturing location in the United States, but it does present valuable data that show why very serious consideration should be given to the state of Georgia as a potential site for a shoe manufacturing establishment.

The report contains a brief industry background explaining the emergence of the New England region as the shoe center of the country, and why, in the face of increasing competition from imported footwear, low-cost producing centers should be established elsewhere in order to avoid the extermination of the American footwear industry. The advantages that a New England producer can derive from manufacturing and marketing in the South^{1/} are emphasized.

The present report was made in the hope that it will encourage established concerns producing in high-cost centers to consider Georgia as a potential manufacturing operations center.

^{1/} The South comprises the 16 states in the South Atlantic, East South Central, and West South Central census divisions shown on Map 1.

MAP 1
THE SOUTHERN REGION



THE FOOTWEAR INDUSTRY

Background

Traditionally, the bulk of U. S. shoe production has been generated in the northeastern section of the country, specifically in the Boston, Massachusetts, area, where footwear production has been one of the leading industries in its economy. "As early as 1761, Massachusetts shoemakers had a surplus of shoes for sale elsewhere, and they were sent chiefly to the southern colonies and the maritime provinces by coastline vessels."^{1/}

At a time when land transportation was not what it is today, Boston's main advantage lay in water transport. Southeastern markets could be supplied from there as easily as from elsewhere. This same advantage could have been a restriction when trade with the interior assumed importance sometime later; however, "by that time the industry was so well established as a wholesale center and point of transshipment for imports that it was simple to include shoes in the frequent westward shipments, and the metropolis of New England held undisputed leadership as the principal shoe market for the whole country."^{2/}

Since the turn of the century, however, when the state produced almost half of the total U. S. production, Massachusetts' share of national production has been declining rapidly. By 1955, the state's total of about 105 million pairs represented only 18% of U. S. output. In 1960 the figure fell to 16% with a production of slightly over 95 million pairs, and it fell further to less than 13% in 1968.

Region-wide, New England producers manufactured approximately 164 million pairs of non-rubber shoes and slippers, or 28% of the total national output in 1969. Only nine years before, in 1960, this region had produced 34% of the U. S. total with 205 million pairs.

The footwear industry is one of the most labor-intensive industries in the country, as shown in Table 1. Consequently, employment has been

^{1/} Malcolm Keir, Manufacturing Industries in America, New York, 1928, p. 450.

^{2/} Keir, p. 453.

Table 1
THE THIRTY MOST LABOR-INTENSIVE INDUSTRIES IN THE UNITED STATES

<u>SIC</u> <u>No.</u>	<u>Industry</u>	<u>Production</u> <u>Workers per</u> <u>Million United</u> <u>States Dollars</u> <u>of Product</u>
2443	Veneer and plywood containers	169
3263	Earthenware food utensils	159
3262	Vitreous china food utensils	123
2252	Seamless hosiery mills	108
2789	Bookbinding and related work	107
2381	Fabric dress and work gloves	106
2327	Separate trousers	104
3151	Leather gloves	102
3987	Lamp shades	101
2321	Men's dress shirts and nightwear	98
3269	Pottery products (n.e.c)	98
3141	Footwear, except rubber	95
3251	Brick and structural tile	94
2259	Knitting mills (n.e.c.)	92
2292	Lace goods	92
2331	Women's blouses	92
2442	Wirebound boxes and crates	92
2322	Men's and boys' underwear	91
2652	Set-up paperboard boxes	91
3142	House slippers	91
3962	Artificial flowers	91
2352	Hats and caps	90
2361	Children's dresses	90
2369	Children's outerwear (n.e.c)	87
3259	Structural clay products (n.e.c.)	87
2328	Work clothing	86
2387	Apparel belts	86
2426	Hardwood dimension and flooring	86
1922	Ammunition loading	85
3471	Plating and polishing	85

Source: U. S. Bureau of the Census, Census of Manufactures, 1958.

dramatically affected by the downward production trend. The number of worker in the industry in Massachusetts declined by 30% between 1960 and 1969. (See Table 2.)

Table 2
EMPLOYMENT DECLINE
IN THE MASSACHUSETTS LEATHER FOOTWEAR INDUSTRY, 1960-1969

<u>Year</u>	<u>Number of Workers</u>
1960	40,500
1963	35,000
1967	31,000
1969	28,300

Source: Federal Reserve Bank of Boston, New England Economic Indicators, March 1970, p. 2.

Where are shoe manufacturers moving? Why is this costly relocation process taking place? Since, as shown earlier, the shoe industry is highly labor-intensive and since style changes occur continuously, making rapid and effective distribution very important, cost of labor and proximity to markets are the dominant location factors. With this in mind, this report briefly considers why the South, generally, and the state of Georgia, specifically, should be considered as attractive manufacturing locations for shoe firms marketing in this area.

Structure

The Industry. The footwear industry traditionally has been characterized by a large number of small companies operating in a highly competitive market and producing a wide variety of shoes in many combinations of sizes, styles, and shapes, and by several different methods of construction.

According to the most recent Census of Manufactures, in 1967 there were 959 shoe manufacturing establishments in the continental United States. They employed 200,100 workers, who were paid \$839.2 million in wages, and they shipped, on the average, approximately \$2.8 million worth of finished products each.

As should be expected from the large number of shoe producers, even in today's age of industrial giants, no single firm controls a significant percentage of the shoe market. The largest producer, Interco, Inc., formerly International Shoe Company, producing in 46 factories, controls only about 6.5% of the total domestic market. In 1965, the five largest shoe manufacturing firms in the country accounted for only 23.7% of the industry's total output, the 10 largest for 30.5%, and the 20 largest for only 39.8% of the total. Obviously, the industry is greatly fragmented.

Although footwear is manufactured in a large number of states, 10 of them have traditionally accounted for 80% to 85% of the national output. New England remains the leading producing area, accounting for about 29% of the total production in 1969. According to the 1967 Census of Manufactures, there were 290 shoe manufacturing establishments in New England, 136 of which were in Massachusetts.

Manufacturing. Shoemaking is a specialized manufacturing process in which many separate parts are assembled through a series of carefully controlled hand and machine operations. As technology has been slow in coming to the footwear industry, the manufacturing process requires a large number of handicraft operations, which make labor the single most important cost factor in the industry. Labor cost runs as high as 40% of the total manufacturing cost.

To a large degree, this is caused by the nature of the materials used. The inconsistency in leather characteristics makes much handwork essential. In addition, shoes must be designed and constructed in a wide range of shapes and sizes, and styles may not survive more than a single season, which makes automation economically unfeasible. The introduction of synthetic materials, such as Corfam and Astran, enhances the possibility of future technological advance; yet, even with these materials, much automation would be difficult due to the numerous combinations of sizes and styles.

The low technological advances in footwear construction, coupled with the fact that most machinery may be leased from leasing firms such as United Shoe Machinery Corporation, make the initial capital investment required to start a plant rather low. Typically, manufacturers lease shoe machinery from these companies and finance plant and working capital investment. This low initial investment has fostered the proliferation of the small, low-volume firms that characterize the industry.

Most costs are variable; a substantial portion of machinery lease payment is based on unit output, salesmen generally work on a straight commission basis and so do many production workers. In most cases, manufacturers produce to fill orders, limiting finished goods inventories. Few economies of scale are possible since labor is such a high percentage of total manufacturing costs.

The types of occupations found in shoe plants vary from relatively unskilled jobs to highly skilled occupations such as vamp and whole shoe cutters. Women make up about 60% of the footwear industry's labor force, and they usually are employed in stitching, fitting, and inspection operations. Men are most often found in cutting, lasting, and bottoming operations, as well as in maintenance. In the 1968 Industry Wage Survey, the Department of Labor shows that among the few occupations for which data were collected for both sexes, men usually had higher average earnings than women.

Establishments which had labor-management agreements covering a majority of their production workers accounted for slightly more than one-half of the industry's production workers, according to the 1968 Industry Wage Survey. Approximately 40% of New England's shoe workers belong to unions. The major unions in the industry are the United Shoe Workers of America and the Boot and Shoe Workers Union, both AFL-CIO affiliates.

Trends

According to the Bureau of the Census, production reports show that total U. S. output of leather shoes in 1969 was 577.0 million pairs, a 10% decrease from the 1968 production of 642.4 million pairs.

Factory shipments totaling 584.2 million pairs in 1969 were valued at \$2.89 billion, representing an average of \$4.94 per pair. In the previous year, 639.3 million pairs, valued at \$3.01 billion, were shipped for an average of \$4.71 per pair.

Shoe spending since 1959 has grown more slowly than total consumer spending. Basic demand has grown for years at about a 5% annual rate, compared with a 6% average annual rate for total consumer spending.

The sales growth of domestic shoe manufacturers and retailers compared even more unfavorably with total consumer spending because they lost a share

of their market to imports and other retailers. The value of shipments by U. S. manufacturers increased at a 3% average annual rate.

Domestic Production and Imports. U. S. production of footwear has fluctuated widely in the last decade, as is shown in Table 3 and Figure 1. Nevertheless, the 582 million pairs produced in 1969 was slightly less than the 600 million pairs manufactured in 1960. It is important to keep in mind that this stagnation has occurred during a period in which shoe imports climbed steadily over 600%, from 26.6 million pairs in 1960 to 195.7 million in 1969. (See Table 4.) Foreign competition in the footwear market is a serious threat to the industry in the United States; although retail sales have been following the upward movements of population and income, domestic production of shoes, as a percentage of total sales, particularly in the lower price lines, has been delining consistently.

The U. S. Department of Commerce foreign trade statistics reveal that in 1955 less than 8 million pairs of non-rubber footwear entered the country from abroad. By 1968, however, this figure had risen to over 175 million, an increase of over 2000%. The 1969 figure, as noted above, was close to the 200 million mark. The tremendous percentage increases in shoe imports in just one year, 1968 to 1969, are shown in Table 5, as well as the corresponding decreases in domestic production.

The impact of imports is shown in Table 6, published by the American Footwear Manufacturers Association, where import penetration is given as a percentage of domestic production. Import volume now stands at approximately 33% of total domestic production, rising from 4.4% in 1960, and accounts for just over 26% of all shoes sold in the United States. Although all six age-sex types are affected, women's footwear is the most deeply penetrated.

The most common reason given by the small producers is that under present labor market conditions in the United States and in competing countries, it is almost economic suicide to try to compete with foreign producers without some form of protectionist restrictions on the part of the government, such as the "Mills Bill." According to a study conducted by the Federal Reserve Bank of Boston, in 1968 shoemakers in Italy received \$1.04 per hour; in Spain they were paid an average of \$0.56; and the Japanese workers earned \$0.58 per hour. In the same year, according to the U. S. Department of Labor, the average hourly earning of U. S. workers was \$2.10. Obviously, these nations are able

Table 3

DOMESTIC PRODUCTION OF LEATHER AND VINYL FOOTWEAR BY TYPES, 1960-1969
(in millions of pairs)

<u>Year</u>	<u>Men's</u>	<u>Youths' and Boys'</u>	<u>Women's</u>	<u>Misses'</u>	<u>Child-ren's</u>	<u>Infants' and Babies'</u>	<u>Athletic</u>	<u>Slippers</u>	<u>Other</u>	<u>Total</u>
1960	100.6	24.1	279.8	40.2	32.7	36.6	7.0	73.5	5.5	600.0
1961	103.3	24.2	273.4	39.2	31.7	35.8	6.6	72.6	6.1	592.9
1962	112.7	25.6	288.2	36.8	32.5	37.0	10.1	83.0	7.4	633.2
1963	110.7	24.0	275.2	35.5	30.7	33.5	9.8	77.6	7.2	604.3
1964	119.9	25.4	271.1	37.0	30.4	32.8	6.9	78.9	10.3	612.8
1965	118.2	25.6	279.9	36.5	33.5	32.5	7.0	90.2	2.8*	626.2
1966	126.9	24.6	284.2	35.9	33.6	32.5	7.3	93.8	2.9	641.7
1967	123.7	25.3	258.0	27.6	30.7	30.0	6.9	95.6	2.0	600.0
1968 r	126.3	23.5	283.7	33.0	31.4	28.7	8.3	105.4	2.1	642.4
1969 p	122.0	23.6	235.2	28.7	27.8	25.7	8.4	109.0	1.7	582.1

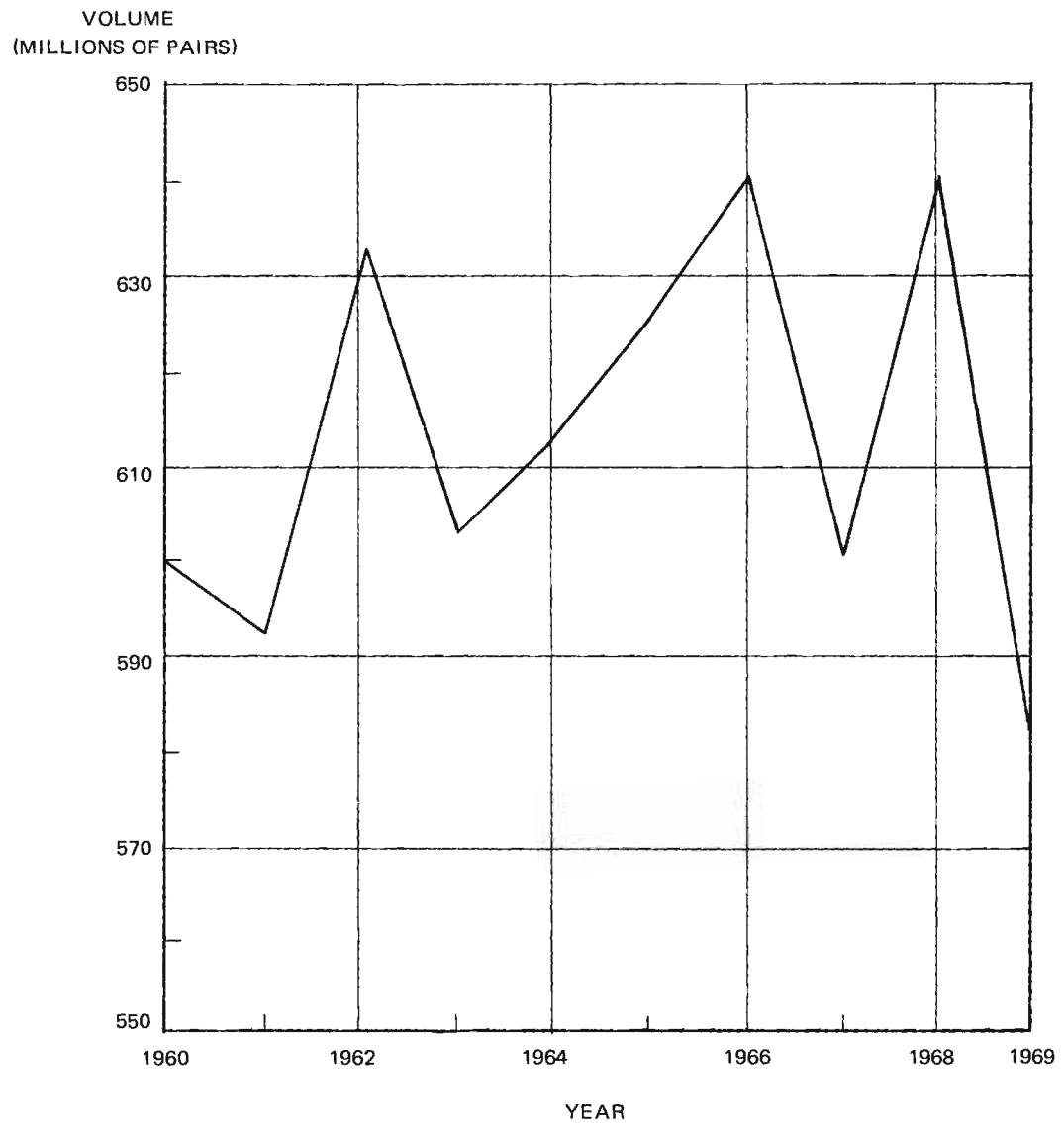
* Not comparable to previous years due to government changes in definition of "Other" type of footwear.

r = Latest revised Department of Commerce figures for 1968.

p = Preliminary estimates of 1969 production made by the American Footwear Manufacturers Association are based on the first 11 months of Department of Commerce data. These estimates are most likely slightly too high due to expected seasonal drop in December domestic production.

Sources: U. S. Department of Commerce and the American Footwear Manufacturers Association.

FIGURE 1
U. S. NON-RUBBER FOOTWEAR PRODUCTION, 1960-1969



SOURCE: U. S. DEPARTMENT OF COMMERCE AND THE
AMERICAN FOOTWEAR MANUFACTURERS ASSOCIATION

Table 4

IMPORTS OF LEATHER AND VINYL FOOTWEAR BY TYPES, 1960-1969
(in millions of pairs)

<u>Year</u>	<u>Men's</u>	<u>Youths' and Boys'</u>	<u>Women's^{1/}</u>	<u>Misses'</u>	<u>Child-ren's</u>	<u>Infants' and Babies'</u>	<u>Athletic</u>	<u>Slippers^{2/}</u>	<u>Other</u>	<u>Total</u>
1960	6.4	0.8	14.0	0.4	0.4	0.5		4.1		26.6
1961	8.1	1.0	21.3	0.6	0.6	0.8		4.3		36.7
1962	13.1	1.6	36.6	1.1	1.2	1.5		7.9		63.0
1963	12.4	1.5	37.9	1.1	1.1	1.4		7.4		62.8
1964	13.5	1.6	49.6	1.5	2.3	2.8		4.1		75.4
1965	15.2	2.0	52.3	1.5	2.5	3.4	1.1	8.6	1.1	87.6
1966	15.9	2.2	63.7	2.4	3.2	3.0	1.2	3.6	1.0	96.1
1967	19.6	3.0	90.4	3.2	4.7	2.8	1.4	3.1	0.9	129.1
1968	26.1	3.6	124.9	5.3	7.0	2.6	1.7	2.9	1.4	175.4
1969 p	35.0	4.5	133.0	7.0	8.0	3.0	2.5	1.8	0.9	195.7

^{1/} Women's footwear prior to 1965 included some slippers.

^{2/} Slippers include Indian-type moccasins, slippers, soft soles, and wool felt footwear.

p = Preliminary estimates of 1969 imports were made by the American Footwear Manufacturers Association. These estimates were based on data provided by the Department of Commerce.

Sources: U. S. Department of Commerce and the American Footwear Manufacturers Association.

Table 5

DOMESTIC PRODUCTION VS. IMPORTS OF LEATHER AND VINYL FOOTWEAR
COMPARING PERCENTAGES OF CHANGE IN PAIRAGE BY TYPES BETWEEN 1968 AND 1969

Type of <u>Footwear</u>	Percentage of Increase or Decrease in Pairs (1968-1969)	
	<u>Domestic Production</u>	<u>Imports</u>
Men's	- 3.4	+34.1
Youths' & Boys'	+ 0.4	+25.0
Women's	-17.1	+ 6.5
Misses'	-13.0	+32.1
Children's	-11.4	+14.3
Infants' & Babies'	-10.5	+15.4
Athletic	+ 1.2	+47.1
Slippers	+ 3.4	-37.9
Other	-19.1	-35.7
Total (All Types)	- 9.3	+11.6

Sources: U. S. Department of Commerce and the American Footwear
Manufacturers Association.

Table 6

IMPORT PENETRATION OF LEATHER AND VINYL FOOTWEAR BY TYPES, 1960-1969
(Imports as a Percentage of Domestic Production)

<u>Year</u>	<u>Men's</u>	<u>Youths' and Boys'</u>	<u>Women's</u>	<u>Misses'</u>	<u>Child-ren's</u>	<u>Infants' and Babies'</u>	<u>Athletic</u>	<u>Slippers</u>	<u>Other</u>	<u>Total</u>
1960	6.4	3.3	5.0	1.0	1.2	1.4		4.8		4.4
1961	7.8	4.1	7.8	1.5	1.9	2.2		5.0		6.2
1962	11.6	6.3	12.7	3.0	3.7	4.1		7.9		9.9
1963	11.2	6.3	13.8	3.1	3.6	4.2		7.8		10.4
1964	11.3	6.3	18.3	4.1	7.6	8.5		4.3		12.3
1965	12.9	7.8	18.7	4.1	7.5	10.5	15.7	9.5	39.3	14.0
1966	12.5	8.9	22.4	6.7	9.5	9.2	16.4	3.8	34.5	15.0
1967	15.8	11.9	35.0	11.6	15.3	9.3	20.3	3.2	45.0	21.5
1968	20.7	15.3	44.0	16.1	22.3	9.1	20.5	2.8	66.7	27.3
1969	28.6	19.2	56.3	24.3	28.9	11.7	30.1	1.6	52.9	33.6

Sources: U. S. Department of Commerce and the American Footwear Manufacturers Association.

to supply shoes to the U. S. ports of entry at prices below U. S. production cost. The higher productivity of the American shoe worker is more than offset by the low foreign wage rates. The production cost differential allows the foreign producer to add the cost of freight, insurance, duty, and transportation to the retail stores, offer a substantially higher mark-up to the retailer to encourage sales, and still place the product in the show windows at a competitive price.

To improve their relative position, firms are continuing to move from old established, but high-cost, centers to locations where they can operate at much lower cost, thus improving their ability to compete with both imports and other domestic producers. In other words, labor cost controls at the plant level should be the key factor if the American shoe industry wants to improve or at least maintain its competitive position in the face of increasing imports

For these reasons, the shoe industry cannot afford to pay wages that are competitive with wages in other industries, especially heavy and electronic industries. This has caused a shortage of skilled labor in those areas that have large concentrations of high-wage industries, such as New England. Naturally, footwear workers tend to move to higher-paying jobs in other industries and new labor force members go directly into higher-paying jobs elsewhere. This accounts for the high average age of the shoe labor force nationally, but most particularly in these areas. Apparently, this is the reason why shoe production employment has been increasing in the southern states and declining in New England. In certain southern areas, such as Georgia, for example, where labor is plentiful and the lower-paying, light industry is predominant, wage and labor shortage problems are minimized.

This situation is described in an article on the shoe industry in New England published by the Federal Reserve Bank of Boston^{1/}:

. . . and, of course, wages are a factor. In the northern Massachusetts-southern New Hampshire area, the average wage for an unskilled electronics assembly trainee is in the \$2.10-\$2.20 range, well above the trainee wage for shoes. Within a year, or two years at the most, the wage could easily rise to \$2.35, and perhaps to higher levels. It is entirely possible for an electronics assembly worker to be earning as much after one year on the job as a shoe worker with years of experience.

^{1/} Federal Reserve Bank of Boston, New England Economic Indicators, March 1970, p. 6.

In fact, many New England shoe manufacturers feel that the major constraint upon the level of their output is not foreign competition but the high cost of labor in New England. Of course, the problems of foreign and intraregional wage competition are interrelated. If there were no foreign competition, domestic shoe manufacturers would be able to charge a higher price for shoes and thus pay higher wages.

And in referring to the protectionist bills now in Congress, the Federal Reserve Bank of Boston states^{1/}:

Whether trade restrictions would permanently solve the problems of the New England shoe industry is also debatable. Shoe wage rates are low compared with most regional manufacturing industries, yet appear to be somewhat higher than shoe wages in other sections of the Nation. This makes the New England shoe industry rather vulnerable to competition from domestic, as well as foreign, producers.

The problem of a labor force displaced by imports competition should be faced. When a nation encourages and promotes a policy of free international trade to benefit most of its people, the policy inevitably hurts some specialized industries. It may also seriously affect communities where the industries are located, and indeed, the shoe industry forms the principal economic base of a number of relatively small New England communities.

Employment. Footwear industry employment has fluctuated along with domestic production. In the 10 years between 1958 and 1968, total industry employment declined more than 5.5%, from 215,300 to 203,800 workers. (See Table 7.) Even in the face of this decline, however, employment in the South Atlantic area, which includes Georgia, increased from 10,000 workers in 1963 to 13,200 in 1967; in the three-area southern region, the increase was about 19.6%, from 35,300 workers in 1963 to 42,100 in 1967. Employment in Massachusetts declined from 35,000 in 1963 to 31,000 in 1967.

The Future. The projections in Figure 2 show what the retail sales, production, and import trends are likely to be through 1975. It is anticipated that the import level at the end of 1970 will reach a point considerably higher than predicted at the expense of a production figure that will be less than the 622.4 million pairs forecast. As expected, retail sales will continue to climb to 1975, due to further sharp increases in imports, while domestic production will decline even further.

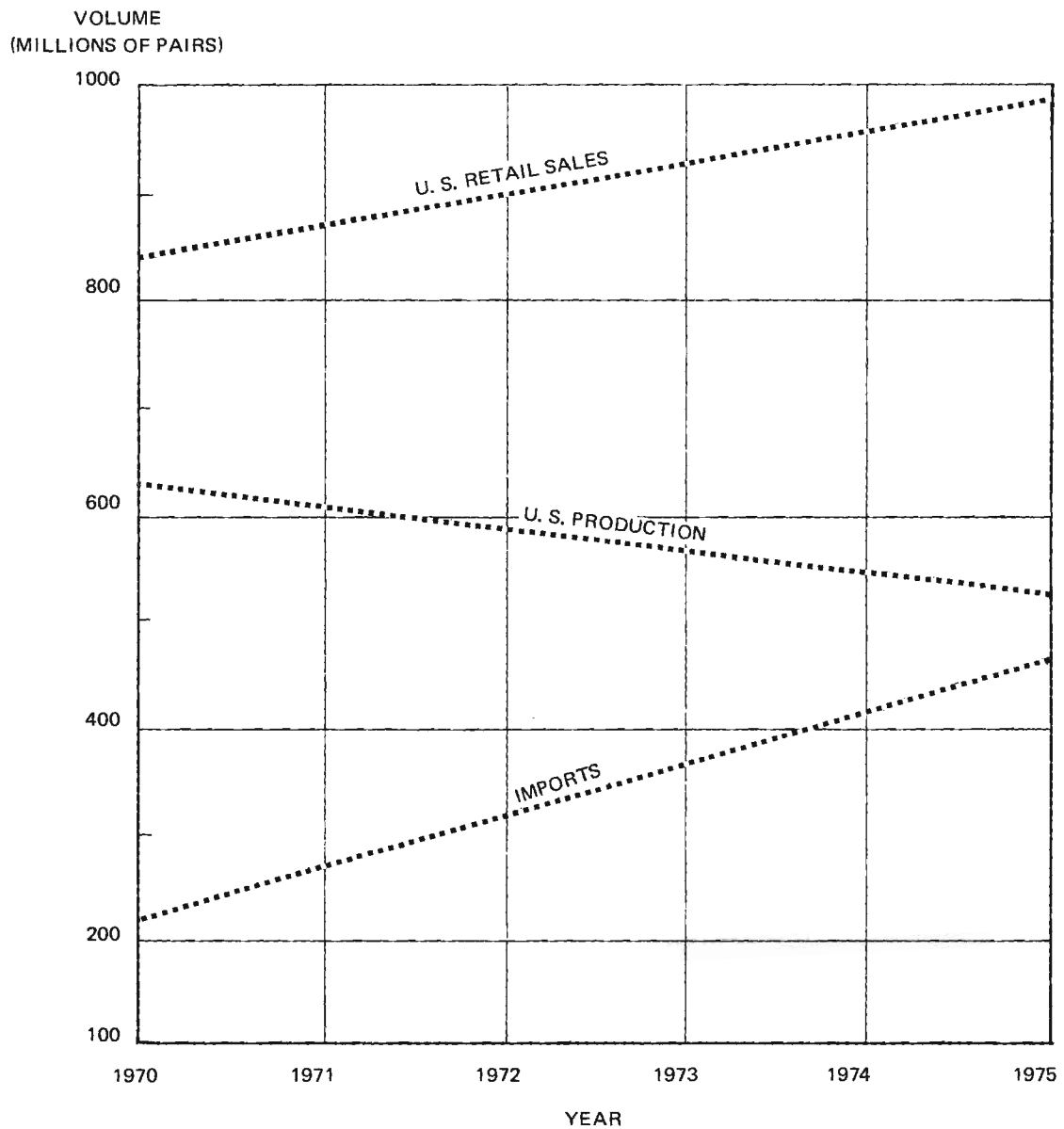
^{1/} Federal Reserve Bank of Boston, p. 9.

Table 7
U. S. FOOTWEAR INDUSTRY EMPLOYMENT, 1958-1968
(in thousands)

<u>Year</u>	<u>Number of Workers</u>
1958	215.3
1959	219.7
1960	216.3
1961	216.4
1962	215.8
1963	201.7
1964	201.4
1965	205.3
1966	206.0
1967	198.5
1968	203.8

Sources: U. S. Bureau of the Census, Census of Manufactures (1958, 1963, 1967) and Annual Survey of Manufactures (all other years).

FIGURE 2
PROJECTIONS OF RETAIL SALES, DOMESTIC PRODUCTION,
AND IMPORTS, 1970-1975



PROJECTIONS BY THE AMERICAN FOOTWEAR MANUFACTURERS ASSOCIATION

THE SOUTHERN REGIONAL MARKET

Consumption

The expanding consumer market in the southern region, composed of the South Atlantic, East South Central, and West South Central census geographic divisions, is evidenced by the rapid growth of the area's population and income. Area population has increased by 12% since 1960, and projections for 1975 show an additional gain of 13.5% to a total of 69,888,000 people. (See Map 2.) Between 1966 and 1969, the per capita buying income in the area increased by 21% from \$2,157 to \$2,607, while buying income per household rose approximately 18% from \$7,493 in 1966 to \$8,822 in 1969. (See Table 8.)

Table 9 shows how shoe store retail sales in the southern area have grown from 1954 through 1967. Also given in the table are the corresponding figures for the U. S. as a whole. Figure 3 illustrates the percentage increases for both areas during the same time interval. During the entire 13-year period, sales in the South have been increasing at a rate that clearly outpaces the national sales growth.

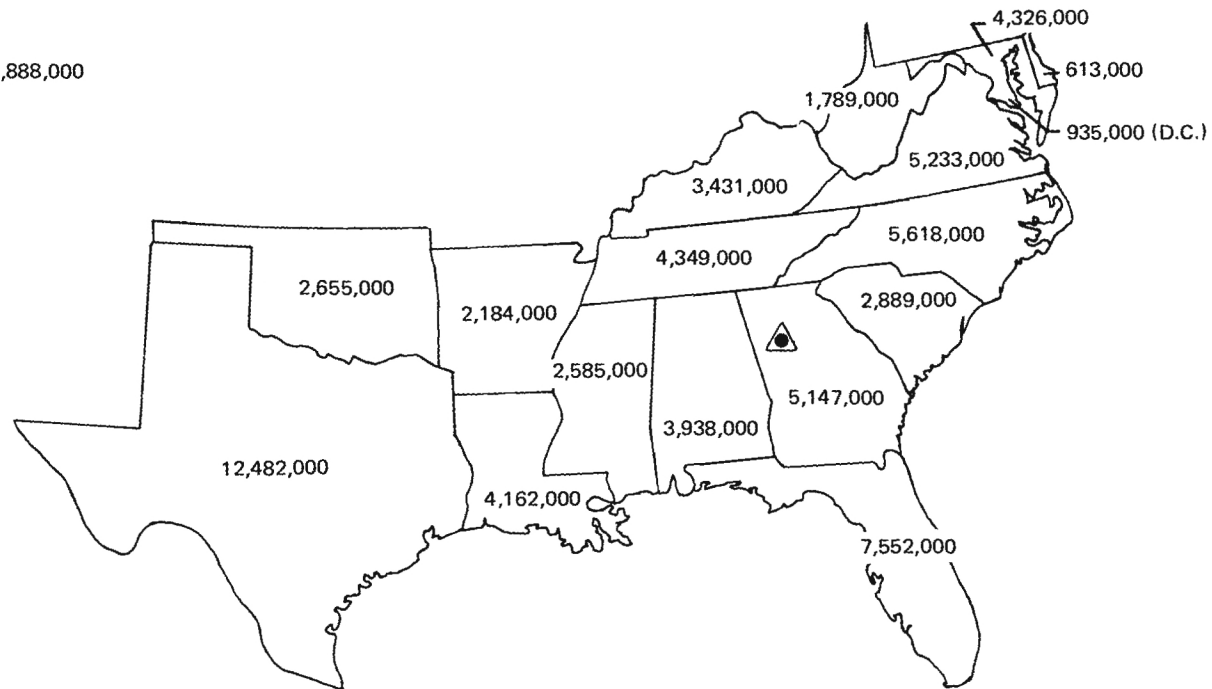
Production

Bureau of the Census figures indicate that the number of shoe manufacturing plants in the South rose from 137 in 1954 to 154 in 1967. Although the net increase in number of plants was not large, individual plant size has grown tremendously. During the same 13-year period, shoe industry employment in the region increased approximately 66%, from 25,228 workers in 1954 to 41,600 in 1967, and value added by manufacture rose by over 200%. (See Tables 10 and 11.)

Currently there are 11 shoe manufacturing plants in Georgia, employing a total of 3,317 workers. Three of these plants have been established since 1954. They are listed in Table 12, and their locations are shown on Map 3.

MAP 2
SOUTHERN REGIONAL MARKET:
1975 PROJECTED POPULATION

TOTAL: 69,888,000



PROJECTIONS BY THE DEPARTMENT OF COMMERCE,
 BUREAU OF THE CENSUS

Table 8
EFFECTIVE BUYING INCOME IN THE SOUTHERN REGION, 1966 AND 1969

	<u>Per Capita</u>		<u>Per Household</u>	
	<u>1966</u>	<u>1969</u>	<u>1966</u>	<u>1969</u>
<u>South Atlantic</u>				
Delaware	\$2,903	\$2,895	\$10,035	\$ 9,737
District of Columbia	3,367	4,002	10,072	11,625
Florida	2,238	2,853	7,051	8,666
Georgia	2,085	2,585	7,569	9,117
Maryland	2,741	3,254	9,808	11,343
North Carolina	1,973	2,454	7,371	8,907
South Carolina	1,768	2,209	6,919	8,367
Virginia	2,202	2,728	8,044	9,706
West Virginia	1,972	2,294	6,952	7,896
<u>East South Central</u>				
Alabama	1,805	2,150	6,583	7,606
Kentucky	1,975	2,457	6,977	8,480
Mississippi	1,569	1,931	5,961	7,126
Tennessee	1,942	2,396	6,806	8,167
<u>West South Central</u>				
Arkansas	1,802	2,218	6,070	7,253
Louisiana	1,989	2,435	7,199	8,557
Oklahoma	2,179	2,680	6,845	8,205
Texas	2,171	2,777	7,421	9,216
Regional Average	\$2,157	\$2,607	\$ 7,493	\$ 8,822
Increase, 1966-1969		21%		18%

Source: Copyright, Sales Management, "Survey of Buying Power" -- further reproduction is forbidden.

Table 9
SHOE STORE RETAIL SALES IN THE SOUTHERN REGION, 1954-1967^{1/}
(in thousands)

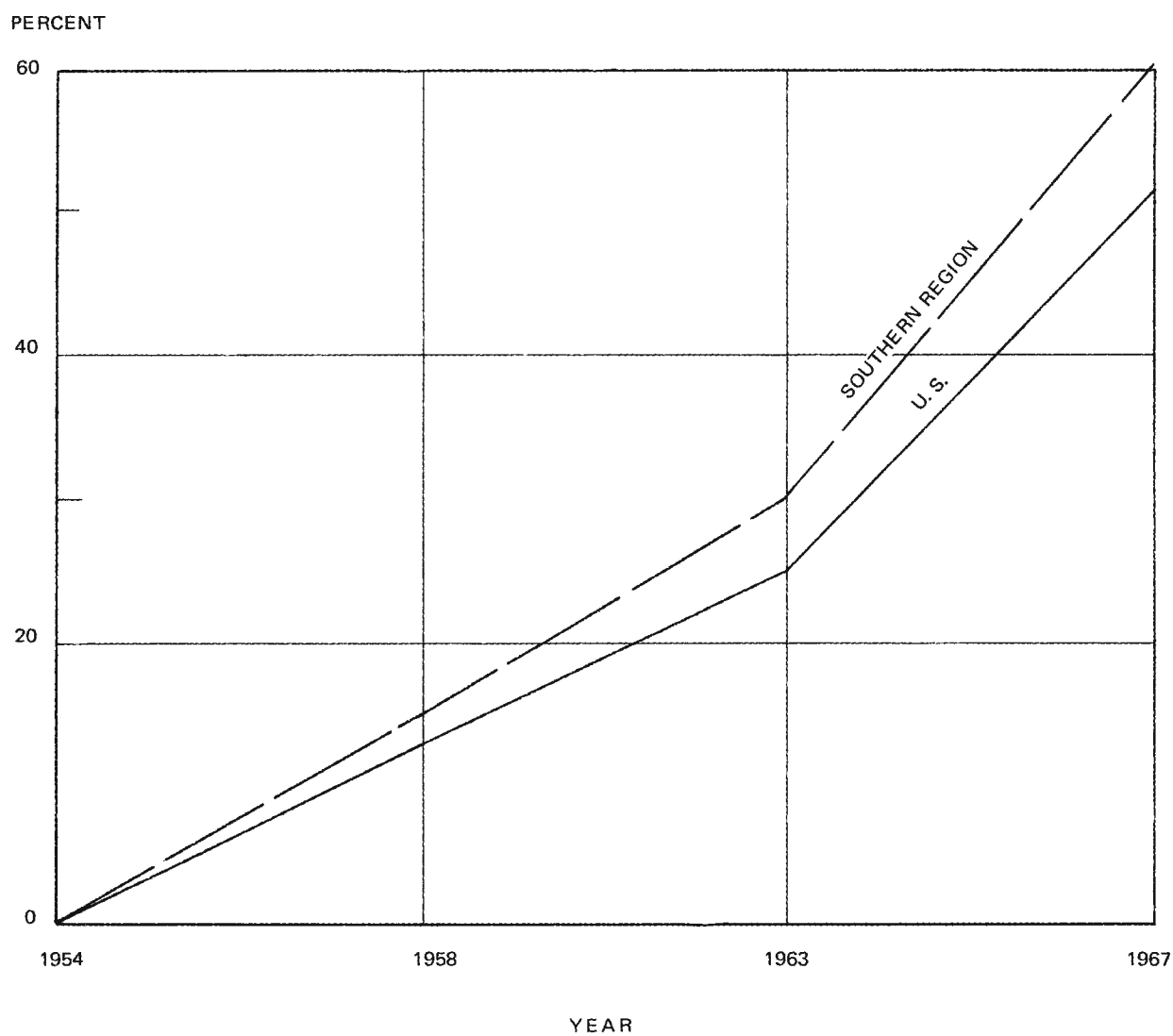
<u>Area</u>	<u>1954</u>	<u>1958</u>	<u>1963</u>	<u>1967</u>
South Atlantic	\$ 208,076	\$ 250,378	\$ 296,991	\$ 394,998 ^{2/}
East South Central	72,497	83,407	96,461	118,534
West South Central	143,238	149,025	166,634	218,571
United States	\$1,817,564	\$2,042,083	\$2,319,070	\$2,916,737
South's Share of U. S.	23.3%	23.6%	24.1%	25.1%

^{1/} Establishments with payroll.

^{2/} Figure not available. Estimate is based on percentage change in total retail sales for the area between 1963 and 1967.

Source: U. S. Census of Business -- Retail Trade.

FIGURE 3
PERCENTAGE INCREASE IN SHOE STORE SALES, 1954-1967



SOURCE: U. S. CENSUS OF BUSINESS

Table 10
FOOTWEAR EMPLOYMENT IN THE SOUTHERN REGION, 1954-1967

<u>Census Divisions</u>	<u>1954</u>	<u>1958</u>	<u>1963</u>	<u>1967</u>
South Atlantic	N/A	N/A	10,030	12,600
East South Central	N/A	N/A	17,423	N/A
West South Central	N/A	N/A	7,815	N/A
Total	25,228	28,369	35,268	41,600

N/A = Data not available.

Source: U. S. Bureau of the Census, Census of Manufactures, 1954, 1958, 1963, and 1967.

Table 11
VALUE ADDED BY MANUFACTURE BY SHOE PLANTS
IN THE SOUTHERN REGION, 1954-1967
(in thousands of dollars)

<u>Census Divisions</u>	<u>1954</u>	<u>1958</u>	<u>1963</u>	<u>1967</u>
South Atlantic	N/A	N/A	55,096	87,300
East South Central	N/A	N/A	122,922	N/A
West South Central	N/A	N/A	42,339	N/A
Total	106,620	143,729	220,357	329,500

N/A = Data not available.

Source: U. S. Bureau of the Census, Census of Manufactures, 1954, 1958, 1963, and 1967.

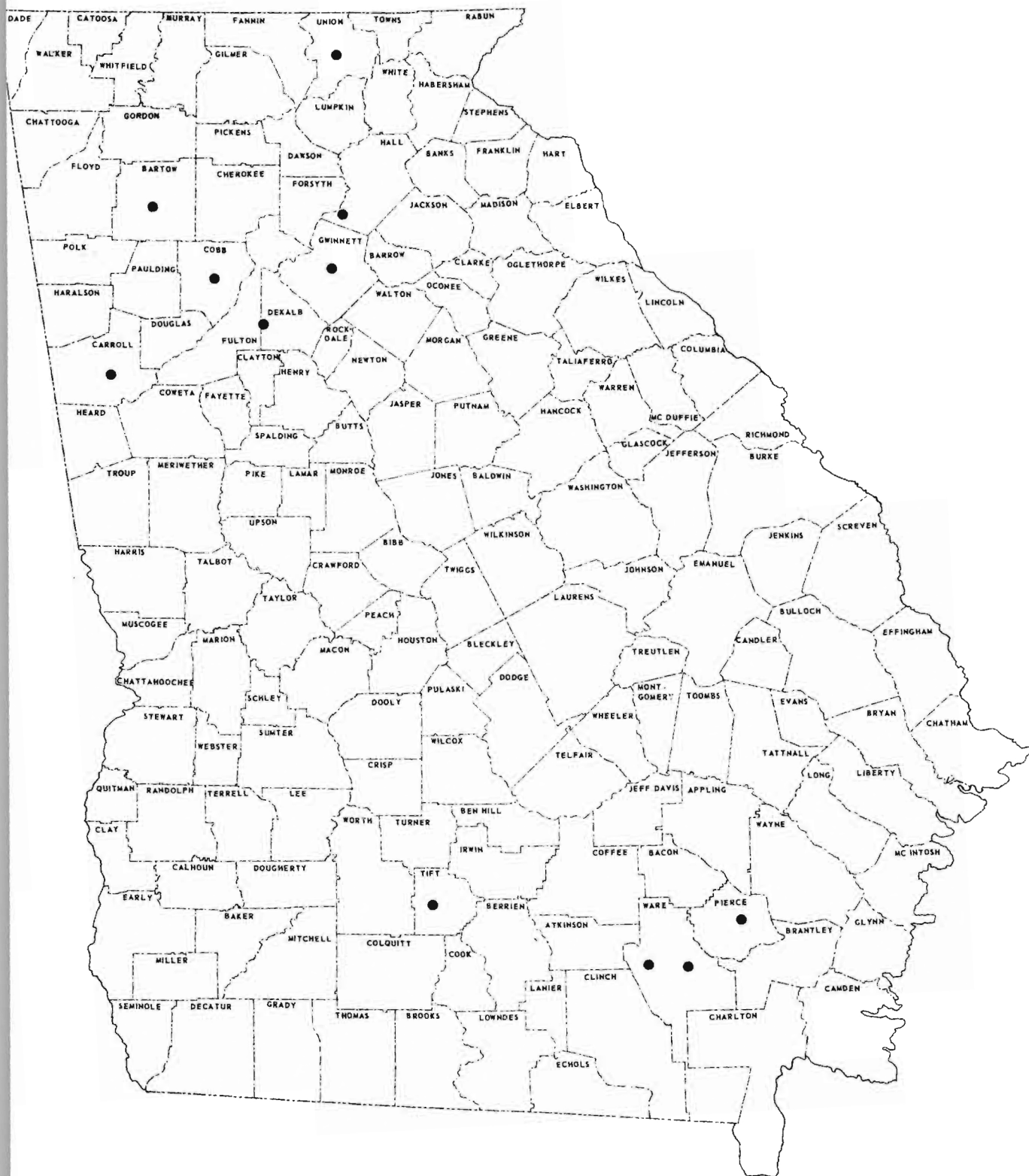
Table 12

SHOE MANUFACTURING PLANTS IN GEORGIA

<u>Firm and Year Established</u>	<u>City/County</u>	<u>Products</u>	<u>Employment</u>
Blue Ridge Shoe Co. (1968)	Tifton (Tift)	Men's, children's shoes	28
Bounty Shoes, Inc. (1964)	Cartersville (Bartow)	Shoes	30
Genesco, Inc. (1936)	Atlanta (Fulton-DeKalb)	Shoes	325
Genesco, Inc. (1946)	Carrollton (Carroll)	Men's, ladies', children's shoes	192
Genesco, Inc. (1939)	Lawrenceville (Gwinnett)	Shoes	650
Georgia Shoe Mfg. Co., Inc. (1963)	Blairsville (Union)	Men's, boys' sport and work shoes	389
Georgia Shoe Mfg. Co., Inc. (1937)	Flowery Branch (Hall)	Work and sport footwear	436
McLaurin Corp. (1895)	Marietta (Cobb)	Casual slippers	382
Pierce Shoe Mfg. Co., Inc. (1945)	Blackshear (Pierce)	Children's, boys', men's shoes	250
Rubin Brothers Footwear, Inc. (1935)	Waycross (Ware)	Shoes	400
Spatola S. C. Footwear Division, Pierce Shoe Manufacturing Co. (1954)	Waycross (Ware)	Men's and boys' shoes	<u>235</u>
			3,317

Source: Georgia Department of Industry and Trade, Georgia Manufacturing Directory, 1969.

MAP 3 GEORGIA SHOE MANUFACTURERS



A GEORGIA LOCATION: ECONOMIC CONSIDERATIONS

More than 47 million pounds of footwear were shipped from New England to the South Atlantic, East South Central, and West South Central areas in 1967. (See Table 13.)

Table 13
FOOTWEAR SHIPMENTS FROM NEW ENGLAND TO THE SOUTH, 1967

South Atlantic	26,532,000 pounds
East South Central	10,050,000 pounds
West South Central	10,452,000 pounds

Source: U. S. Bureau of the Census, Census of Transportation, 1967. (See Appendix 2.)

The thriving growth of the southern regional market, evidenced by the data presented in this report, suggests that the establishment of manufacturing operations in an economically strategic location within this area would be a profitable decision, even considering the fact that the concern could, and probably would, market nationally.

Considering present cost and market conditions, a footwear manufacturer established in the state of Georgia would realize a savings of \$428,670 annually in labor, distribution, and utilities costs over a similar concern operating in the state of Massachusetts. (See Table 14.)

Table 14
TOTAL LABOR, DISTRIBUTION, AND UTILITIES COST SAVINGS
IN GEORGIA COMPARED WITH MASSACHUSETTS

	<u>Labor</u>	<u>Distribution</u>	<u>Utilities</u>
Massachusetts	\$1,490,944	\$135,621	\$54,444
Georgia	<u>1,131,520</u>	<u>89,029</u>	<u>31,790</u>
Savings	\$ 359,424	\$ 46,592	\$22,654
Total Annual Savings:	\$428,670		

These and other advantages of a Georgia location are described below.

Labor

Perhaps Georgia's most important industrial advantage is its abundant supply of workers of proven ability throughout the state. Georgia also offers an extensive network of technical training schools and "tailor-made" training programs. Other assets include potential labor cost savings and favorable labor-management relations.

Supply. The supply of workers for industry in the state is more than adequate at present and should continue to be ample in the foreseeable future. The Georgia State Employment Service on October 31, 1969, listed 54,421 applicants for employment (21,253 men and 33,167 women) and estimated that Georgia had a trainable labor supply of over 100,000 workers. In April 1970, the Georgia Department of Labor reported a total of 61,400 unemployed persons actively seeking work.

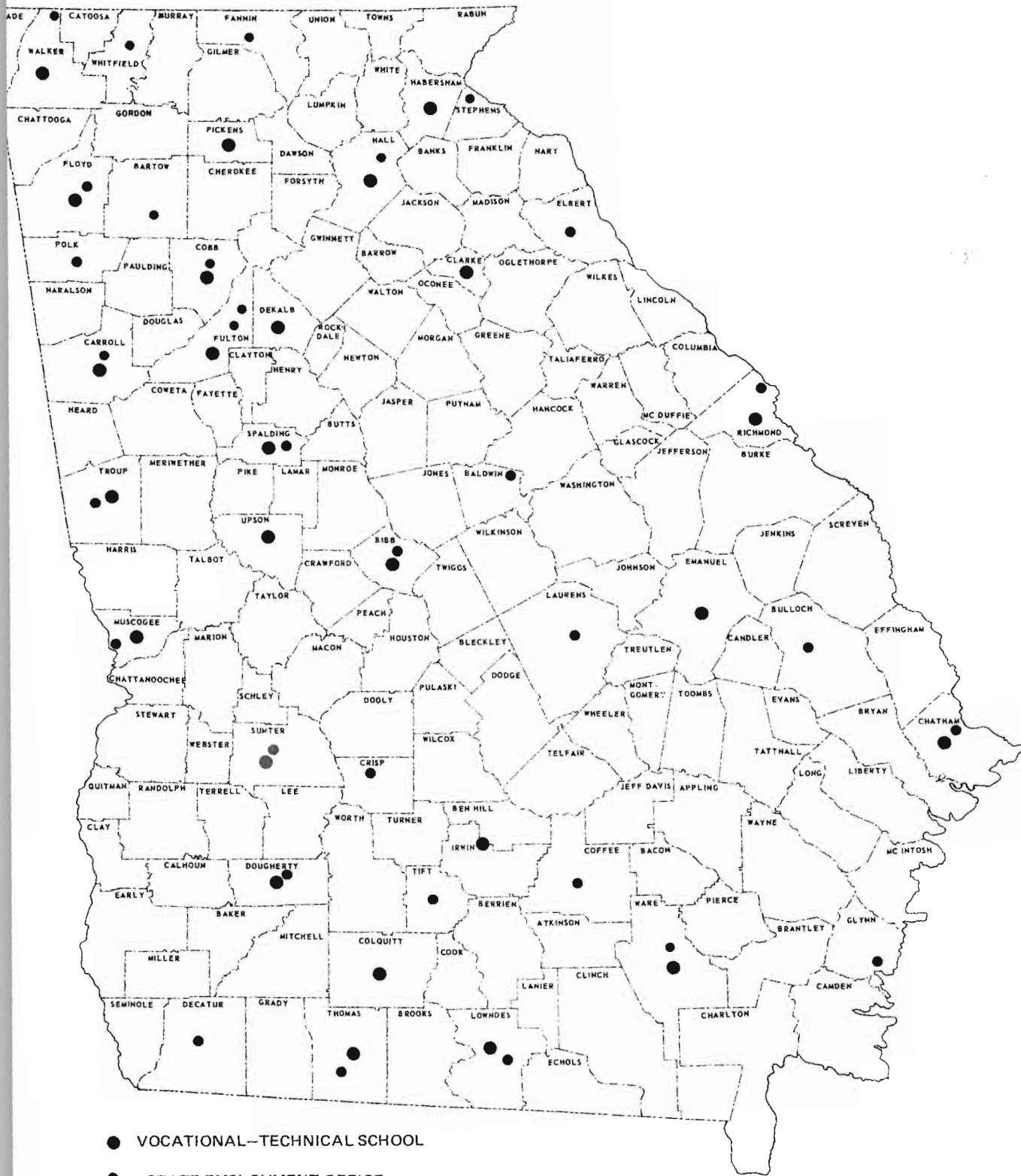
More than 8,000 professionals graduate from colleges and universities each year, and some 50,000 boys and girls finish high school annually, a majority of them seeking industrial employment. In-migration from other states adds to the labor pool, as well as the movement of men and women from the farms to the industrial centers as farm mechanization increases.

Quality. Technical education is provided through a network of 23 area technical schools and two state schools. (See Map 4.) These schools, strategically located throughout the state and equipped with the most modern tools and equipment of industry, turn out a large number of graduates each year -- highly trained technicians and skilled workers for the crafts, service occupations, and office jobs.

The centers, staffed with experienced, qualified instructors, offer full-time programs of pre-employment education which prepare the students to enter employment as productive, valuable workers. More than 16,000 students are currently enrolled in courses of instruction in 55 different technologies and skills.

Another program is aimed at upgrading the quality of employed workers. Instruction is offered to increase the productivity and value of employees of Georgia plants. The course content is arranged at the request of industries

MAP 4
LABOR SOURCES IN GEORGIA



to suit their specific needs and may be conducted at area technical schools, in manufacturing plants, or any other suitable location. Approximately 75,00 Georgia workers are enrolled in such programs each year.

Coupled with these services to industry in general are the services which are aimed specifically at assisting new industries to meet their start-up labor requirements. Training specialists in the State Department of Education work with officials of the new firm to develop a "custom-made" training program that will assure a ready labor force the day the new plant is opened. This program is called "Quick Start." The "assistance package" consists of:

1. Analyzing manpower training and recruiting needs for the plant.
2. Developing a master plan for recruiting, testing, selecting, and training the manpower needed for the plant according to the firm's specifications.
3. Developing a schedule for these activities so that training completion will coincide with plant opening and labor build-up schedules.
4. Coordinating the entire training program, including making arrangements for the requisition of a suitable training facility, arranging for the cooperation of the State Employment Service and other state agencies, and implementing the training program -- all at no cost to the industry.

The program has a dual purpose -- to provide the firm with the trained manpower it needs to get the plant in operation and then to provide the plant with a continuing supply of qualified workers -- since it is designed not only to fit the needs of new industry coming to the state but also to meet the vastly increased demands of industry within the state. The program, which aims at solving one of the most critical location or relocation problems, has national recognition as one of the finest and most modern in the United States.

Cost Savings. Most companies have the policy of paying wages and salaries consistent with the local pattern. Shoe companies, if operating in Georgia, would be able to compete with other industries for quality workers, since there is not a big wage gap between the shoe industry and other light industry in the area. In fact, over one-half of the manufacturing employment in the state is in the relatively low-wage textile, apparel, food and kindred products, and lumber and wood products industries.

The potential savings that could be realized in a Georgia location have been computed by considering a plant with an annual output of 2 million pounds of finished product (1 million pairs of shoes), a work force of 320 production workers, and 260 workdays a year.

The labor costs for such a plant in Massachusetts and in Georgia are shown in Table 15. The average United States cost and the cost in New England are also included:

Table 15
LABOR SAVINGS FOR A SHOE PLANT IN GEORGIA

<u>Area</u>	<u>Hours Per Year</u>	<u>No. of Workers</u>	<u>Average Hourly Wage^{1/}</u>	<u>Labor Cost</u>
United States	2,080	320	\$2.04	\$1,357,824
New England	2,080	320	2.14	1,424,384
Massachusetts	2,080	320	2.24	1,490,944
Georgia	2,080	320	1.70	1,131,520

Savings

Georgia over:

United States Average	\$226,304
New England Average	292,864
Massachusetts	359,424

^{1/} Computed from data obtained from the 1967 Census of Manufactures. For computational details, see Appendix 1.

Other Labor Advantages. Although labor productivity cannot be quantified in meaningful comparable figures because of differences in equipment used, production methods, and other operational factors between regions, the high productivity of the southern worker is a recognized fact.

Labor-management relations have always been good in Georgia, where disturbances are rare. The percentages of estimated work time lost in work stoppages for Georgia and other key states are shown in Table 16.

Table 16
WORK STOPPAGE RATIOS IN GEORGIA AND OTHER AREAS, 1968

<u>Area</u>	<u>Percent Time Lost</u>
United States	.32
New Hampshire	.24
Maine	.16
Massachusetts	.35
Georgia	.16

Source: U. S. Bureau of Labor Statistics, Work Stoppages, 1968.

In addition, the proportion of Georgia workers who are members of unions is relatively small, as may be seen from Table 17.

Table 17
UNION MEMBERSHIP AS A PERCENTAGE
OF ALL NONAGRICULTURAL EMPLOYEES, 1968

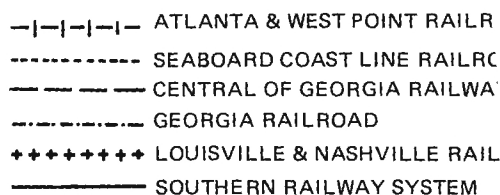
	<u>Union Membership</u>	<u>Percentage of Nonagricultural Employees</u>
United States	19,297,000	28.4
Massachusetts	562,000	25.5
Georgia	239,000	16.6

Source: U. S. Bureau of Labor Statistics, 1968.

Transportation

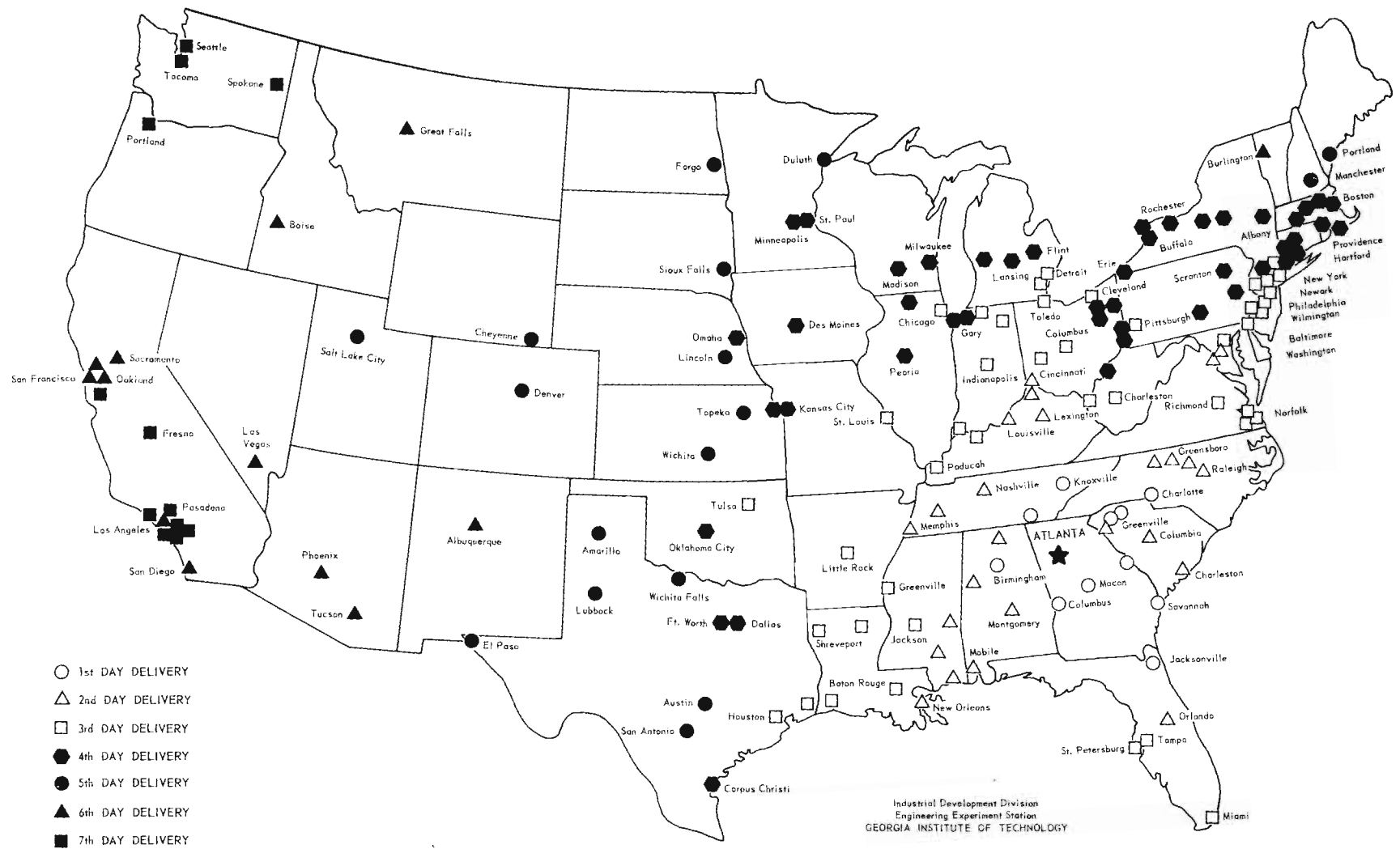
Rail. Georgia's railroads maintain a total of 5,558 miles of main and branch line track. Eight Class I lines serve the state. (See Map 5.) Topographic conditions, as well as a strategic geographic location, make possible low-cost rail transportation to a large part of the nation. These railroads also compete successfully with those of other areas in reliability and speed of delivery. (See Map 6.)

MAIN-LINE RAILROADS SERVING GEORGIA



Industrial Development Division
Engineering Experiment Station
GEORGIA INSTITUTE OF TECHNOLOGY

MAP 6
RAILROAD FREIGHT SERVICE: NORMAL TRANSIT TIMES
ON CARLOAD SHIPMENTS FROM ATLANTA, GEORGIA



Industrial Development Division
 Engineering Experiment Station
 GEORGIA INSTITUTE OF TECHNOLOGY

Highways. Georgia's road system comprises 97,732 miles. The State Highway Department maintains 17,332 miles of paved highways which are connected with an extensive system of county roads.

The state's Interstate Highway system consists of more than 1,100 miles, over 700 of which are open to traffic. (See Map 7.)

Ports. Georgia's two deepwater facilities -- Savannah and Brunswick -- have excellent harbors with berthing for large vessels. Over 100 steamship lines serve these ports, and service is offered to every port in the world.

Motor Freight. The state is served by more than 100 scheduled motor carriers. Motor freight service to and from major U. S. cities and Georgia points is furnished by various interstate carriers. Transit times on direct truckload shipments to most of the nation are shown on Map 8, and for less-than-truckload shipments on Map 9.

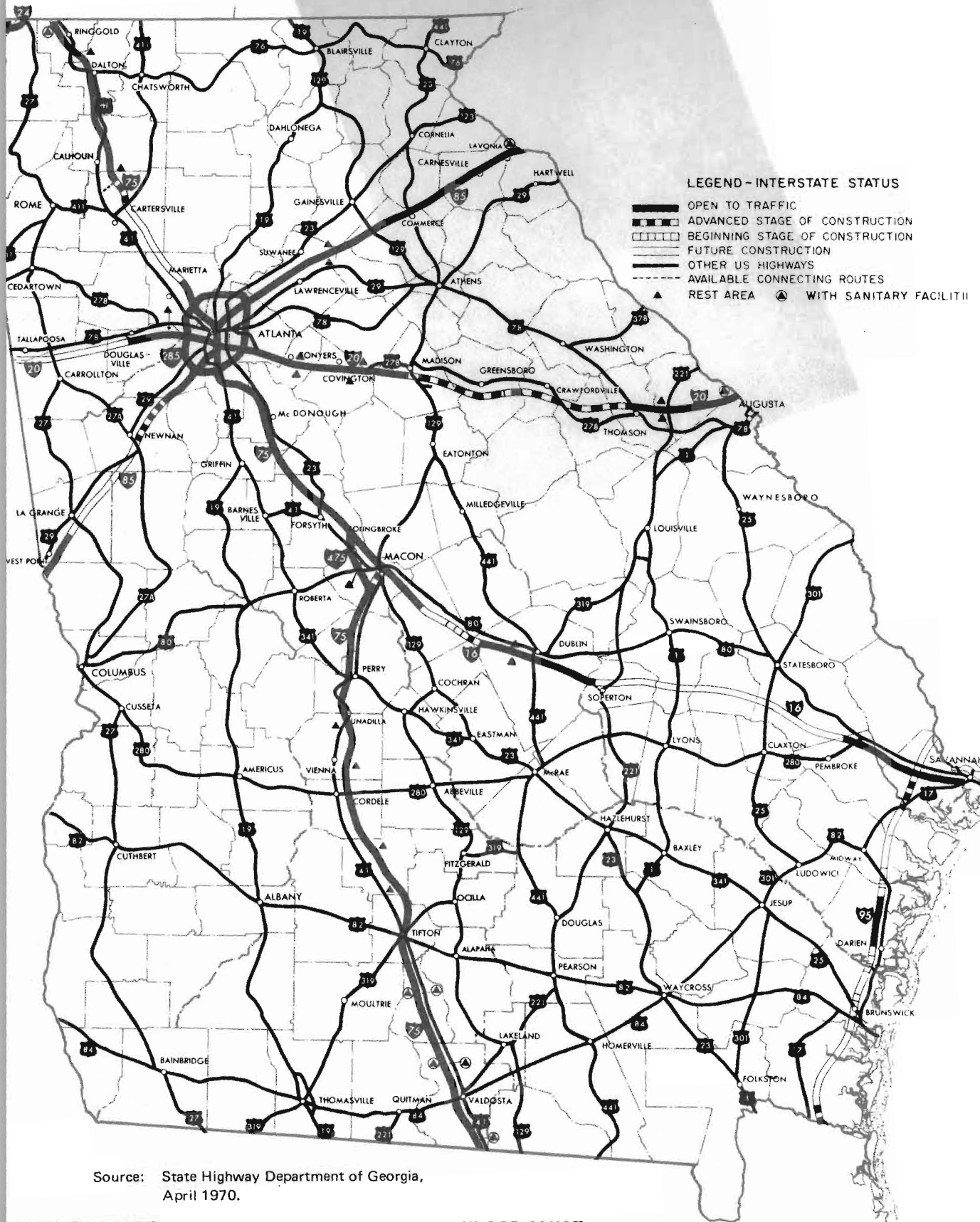
Air. Georgia's geographic position in the Southeast makes it one of the nation's most important air transportation hubs. Nearly 16 million passengers enplane and deplane in Atlanta each year, and more than 300,000 tons of air freight, express shipments, and mail are handled at the airport annually. This increasing volume of passengers and freight has prompted consideration of the construction of a new airport that would serve the city's air transportation needs for years to come.

Other Georgia cities that have scheduled air service by commercial airlines are Albany, Athens, Augusta, Brunswick, Columbus, Macon, Moultrie, Rome, Savannah, Thomasville, Tifton, Valdosta, and Waycross.

Freight Savings. A shoe factory with an output of 2 million pounds of product annually could save over \$46,000 a year in the cost of shipping to the southern regional market if it were located in Atlanta rather than Boston, as shown in Table 18. In computing the motor freight costs from Atlanta and Boston, the total shipment of 2 million pounds is divided among the 12 destination cities with the largest shoe sales volumes in the region, in proportion to their shares of the total sales volume. These cities are shown on Map 10.

Motor freight costs were chosen for the calculations because approximately 60% by weight of the footwear shipped in the United States is transported by motor carrier; in terms of ton-miles, the figure for motor carriers is nearly 70%. (See Appendix 3.)

MAP 7 INTERSTATE AND FEDERAL HIGHWAY SYSTEMS IN GEORGIA



OPEN TO TRAFFIC UNDER CONST. (MILES)

0 100 200 300 400 500 600 700 800 900 1000 1100

PLANS UNDERWAY

NOTE: I 85, Columbus to I 85, added to system Dec. 1968 - location not yet established.

MAP 8

TRANSIT TIMES ON DIRECT TRUCKLOAD SHIPMENTS FROM ATLANTA



MAP 9
TRANSIT TIMES ON DIRECT LESS-THAN-TRUCKLOAD
SHIPMENTS FROM ATLANTA

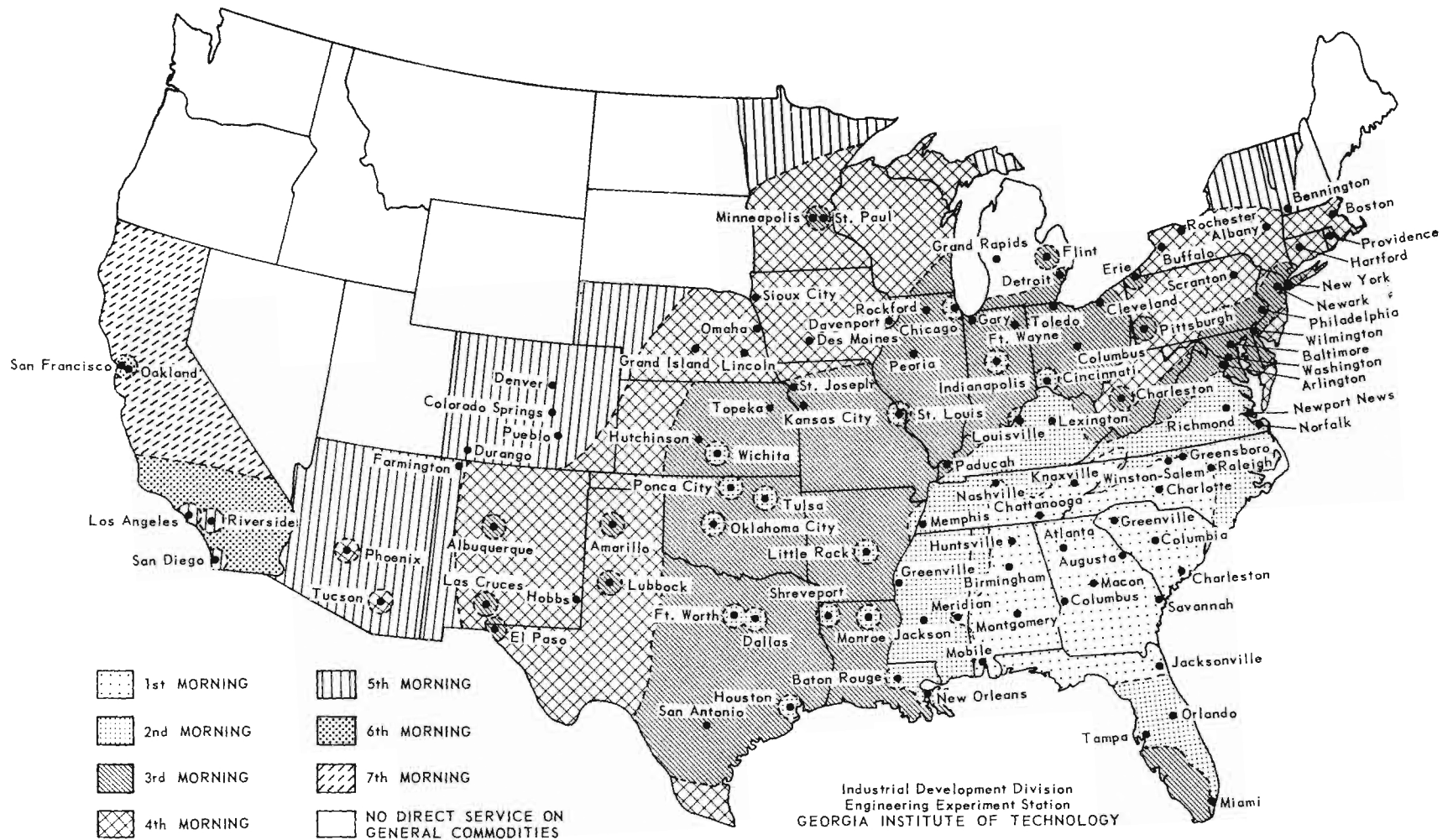


Table 18

COMPARATIVE ANNUAL SHIPPING COSTS TO THE SOUTHERN MARKET
FROM ATLANTA AND BOSTON

Market Area Destination	Annual Shipments (pounds)	Originating from:			
		Boston, Mass.		Atlanta, Ga.	
		Rate (a)	Annual Charges (b)	Rate (a)	Annual Charges (b)
Washington	476,040	446	\$ 21,231	432	\$20,565
Baltimore	273,200	409	11,174	456	12,458
Dallas-Ft. Worth	201,800	1079	21,774	586	11,825
Houston	189,860	1108	21,036	586	11,126
Atlanta	186,520	593	11,061	-	-
Miami	161,560	738	11,923	545	8,805
New Orleans	118,220	750	8,867	432	5,107
San Antonio	105,440	1169	12,326	653	6,885
Memphis	94,800	683	6,475	400	3,792
Norfolk	68,120	473	3,222	473	3,222
Wilmington	63,460	411	2,608	489	3,103
Nashville	<u>62,780</u>	625	<u>3,924</u>	341	<u>2,141</u>
Total	2,000,000		\$135,621		\$89,029

Annual Savings at Atlanta

\$46,592

(a) Rates are in cents per hundredweight based upon less-than-truckload shipments of between 500 and 1000 pounds.

(b) All figures rounded to the nearest dollar.

Source: SMCRC Tariff 504, Item 28160, Boots or Shoes Not Otherwise Indexed, Class 100, LTL.

MAP 10
SOUTHERN CITIES WITH THE LARGEST SHOE
SALES VOLUMES



Utilities

Gas. Although the footwear industry is not a high-volume gas user, the difference in rates between Georgia and other areas results in considerable savings. For comparison purposes, a usage of 17,400 therms per month has been assumed. The total cost in the Atlanta area would be \$15,789.84, while the cost in the Boston area, for example, would be \$29,777.76, yielding a total annual savings for an Atlanta plant of \$13,987.92. Computations are shown in Appendix 5.

Power. For computational purposes, a connected load of 300 kw and an energy consumption of 100,000 kwh per month have been assumed. The calculations for Atlanta and Boston given in Appendix 6 show that the cost of power is also lower in Georgia, resulting in a net annual savings of \$8,665.92.

Therefore, the potential gas and power savings per year total \$22,653.84.

Raw Material Assembly

The cost of transporting raw materials to the producing points has not been considered because of the instability and dispersion of these sources. Producers receive materials from suppliers throughout the country, and these sources are shifted constantly according to the producers' changing requirements.

Appendix 4 is a listing of the tanneries located in seven southeastern states.

Additional Advantages

Weather. Not only is the temperate southern climate an advantage from the point of view of absenteeism and production stoppage, but it is also an added transportation advantage. Shipment delays in the North due to weather conditions are well known.

Construction Costs. Construction costs in Georgia are approximately 14% below the national average and considerably lower than in the northern industrial centers. Such low costs can be attributed to the high worker productivity, negligible time loss due to weather, and the fact that most construction materials are produced locally, resulting in lower transportation costs.

Fair Tax Structure. Georgia offers a tax structure that is another important attraction. The state's advantage rests not only on the amount of taxes paid, but also on the services that the state and its cities offer to industry. Appendix 7 summarizes the Georgia tax structure.

APPENDICES

. Appendix 1

COMPUTATION OF AVERAGE WAGE PER HOUR IN FOUR DIFFERENT REGIONS

<u>Area</u>	<u>Production Wages Paid*</u>	$\frac{\bullet}{\bullet}$	<u>Man Hours Worked*</u>	$=$	<u>Average Hourly Wage</u>
United States	\$680.9		333.7		\$2.04
New England	248.8		115.1		2.14
Massachusetts	101.3		45.3		2.24
Georgia	9.2		5.4		1.70

* In millions.

Note: Computed from figures obtained from the 1967 Census of Manufactures.

Appendix 2

U. S. FOOTWEAR AND LEATHER SHIPMENTS: PERCENT DISTRIBUTION OF GEOGRAPHIC DIVISION OF ORIGIN,
BY GEOGRAPHIC DIVISION OF DESTINATION, 1967

Footwear, Except Rubber

<u>Geographic Division of Origin</u>	<u>Number</u>	<u>U. S. Total</u>	<u>New England</u>	<u>Middle Atlantic</u>	<u>East North Central</u>	<u>West North Central</u>	<u>South Atlantic</u>	<u>East South Central</u>	<u>West South Central</u>	<u>Mountain</u>	<u>Pacific</u> ^{1/}
Tons Shipped (thousands)	409	409	69	56	75	96	26	24	14	10	39
Ton-Miles (millions)	240	240	9	20	31	42	16	7	15	13	87
<u>Tons of Shipments</u>	(thousands)	<u>Percent Distribution by Division of Destination</u>									
U. S. Total	409	100.0	16.9	13.8	18.3	23.4	6.4	5.9	3.4	2.5	9.4
Shipments from:											
New England	201	100.0	30.0	17.2	14.3	12.9	6.6	2.5	2.6	1.0	12.9
Middle Atlantic	34	100.0	19.4	36.7	10.4	8.4	11.8	2.6	4.3	.8	5.6
East North Central	94	100.0	.3	3.9	29.7	51.1	3.3	.9	1.3	6.1	3.4
West North Central	23	100.0	1.0	6.5	9.0	57.5	6.3	1.7	8.5	1.2	8.3
East South Central	38	100.0	2.2	5.9	27.9	5.8	5.5	44.2	1.9	1.1	5.5
Balance of U. S. ^{2/}	19	-	-	-	-	-	-	-	-	-	-
<u>Ton-Miles</u>	(millions)										
U. S. Total	240	100.0	3.6	8.4	12.9	17.4	6.8	3.0	6.1	5.3	36.5
Shipments from:											
New England	161	100.0	3.3	6.4	14.0	18.3	5.6	3.2	5.2	2.4	41.6
Middle Atlantic	16	100.0	8.6	11.5	9.9	13.7	11.0	3.7	10.8	2.9	27.9
East North Central	28	100.0	.9	9.1	9.9	22.8	7.9	1.0	3.9	24.3	20.2
West North Central	9	100.0	2.8	14.6	7.8	14.7	10.9	1.5	11.6	2.8	33.3
East South Central	12	100.0	6.4	16.2	13.1	7.5	9.5	8.3	3.3	4.3	31.4
Balance of U. S. ^{2/}	14	-	-	-	-	-	-	-	-	-	-

^{1/} Shipping destinations to Alaska and Hawaii are included.

^{2/} Not distributed.

Source: U. S. Census of Transportation.

Appendix 3

U. S. FOOTWEAR AND LEATHER SHIPMENTS: NUMBER OF TONS AND TON-MILES
FOR EACH SHIPPER CLASS BY MEANS OF TRANSPORT, 1967

<u>Shipper Group and Class</u>		<u>Total</u>	<u>Rail</u>	<u>Motor Carrier</u>	<u>Private Truck</u>	<u>All Other</u>
Tons of Shipments (thousands)						
043. Footwear, Except Rubber	(no.)	409	16	251	110	32
	(%)	100	3.9	61.2	27	7.9
044. Leather and Leather Products, Except Clothing	(no.)	874	80	521	243	30
	(%)	100	9.2	59.6	27.8	3.4
Ton-Miles of Shipments (millions)						
043. Footwear, Except Rubber	(no.)	240	24	167	11	38
	(%)	100	9.8	69.8	4.7	15.7
044. Leather and Leather Prod- ucts, Except Clothing	(no.)	445	55	300	64	26
	(%)	100	12.4	67.4	14.3	5.9

Source: U. S. Bureau of the Census, Census of Transportation, 1967.

Appendix 4
TANNERIES IN THE SOUTHEAST^{1/}

Florida

Florida Tanning & Sponge Company, Inc.
Tarpon Springs
Alligator skins, vegetable tanned.

Imperial Polk Leathers, Inc.
Lakeland
Side and split-upper fancy glove.

Southern Leather Corporation
Sebring
Cow side leather and splits, cow bellies; chrome and combination
tanned; for shoe uppers, gloves, bag leather.

Georgia

Bona Allen Inc.
Buford
Sole, harness, bag, case, strap, latigo, skirting, rigging leathers
and sporting goods leather; chrome, vegetable, combination and alum
tanned; for shoes, mechanical, sporting goods, riding equipment, and
harness goods.

Louisiana

C. E. Zimmerman & Company
New Orleans
Reptiles.

North Carolina

Drutan Products, Inc.
Goldsboro
Chamois.

Tennessee

Appalachian Tanning Company, Inc.
Tullahoma
Garment - horse and cow, sheep suede garment; chrome tanned.

^{1/} Includes Alabama, Florida, Georgia, Louisiana, North Carolina, South Carolina, and Tennessee.

Appendix 4 (continued)

Coey Tanning Company, Inc.

Wartrace

Garment, grain and suede sheepskin; glove, cow bellies, horse shanks splits and sheepskin; sporting goods, boxing glove and glove lining sheepskin; softee cow shoe lining; chrome tanned.

Genesco, Inc.

Nashville

Side, kip, bellies, splits; chrome, vegetable and combination tanned for shoe uppers and linings.

International Shoe Company

Bolivar

Hides and skins.

Lannom Manufacturing Company

Tullahoma

Baseball leather and sheepskins tanned for own use; white welting leather and upper shoe leather; chrome and alum tanned; for shoes, gloves and baseballs.

C. A. Lawrence Leather Company

Newport

Sole and belting leather.

Robert Scholze Tannery, Inc.

Chattanooga

Saddle, strap, harness, collar, lace leather, and cutters of boot, shoe and specialty laces; chrome, vegetable, combination and bark tanned; for saddles, harness, safety equipment, belts, gun slings, scabbards, bridles and riding equipment, halters, bags and cases, orthopedic, rigging, glove and golf bags, shoe and specialty laces, collars.

Slip-Not Belting Corporation

Kingsport

Hair leather, round belt, textile binder, belting, harness, mechanical; chrome, vegetable and combination tanned.

Trostel Industries, Inc.

Milan

Finishers of sides for shoes, garments, linings.

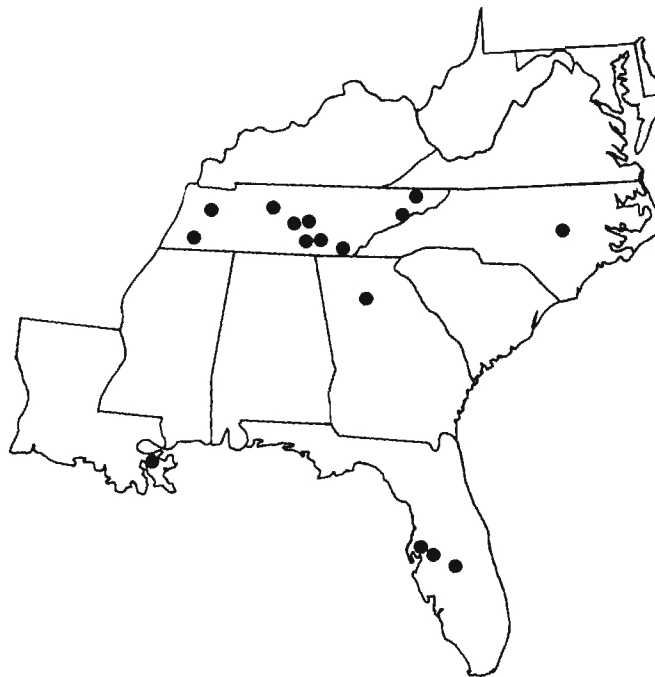
Wartrace Leather Corporation

Wartrace

Finishers of table tops, upholstery, novelty leathers.

Source: Leather and Shoes Blue Book of the Shoe and Leather Industry, Rumpf Publishing Company, Chicago, Illinois.

Appendix 4, Continued
TANNERIES IN THE SOUTHEAST



Appendix 5

COMPUTATION OF GAS SAVINGS
(Boston and Atlanta)Boston (Classification #4)

<u>Quantity</u>	<u>Rate</u>	<u>Monthl Cost</u>
First 500 therms	\$121.85	\$ 121.85
Next 2,000 therms	.1837 per therm	367.40
Next 2,500 therms	.1537 per therm	384.25
Over 5,000 therms	.1437 per therm	<u>1,781.88</u>
Total Cost		\$2,655.48
Discount for Prompt Payment:		
First 500 therms	\$ 5.00	
\$0.01 per therm over 500	<u>69.00</u>	<u>174.00</u>
Monthly Bill		\$ 2,481.48
Total Annual Gas Cost		\$29,777.76

Atlanta (Rate N-2)

<u>Quantity</u>	<u>Rate</u>	<u>Monthly Cost</u>
First 4 therms	\$1.50	\$ 1.50
Next 16 therms	.12 per therm	1.92
Next 580 therms	.08 per therm	46.40
Over 600 therms	.065 per therm	<u>1,092.00</u>
		\$ 1,141.82
Add: Fuel Adjustment Charge (\$0.01 per therm)		<u>174.00</u>
Monthly Bill		\$ 1,315.82
Total Annual Gas Cost		\$15,789.84

Appendix 6
COMPUTATION OF POWER SAVINGS
(Boston and Atlanta)

Boston

Demand Charge

First	50 kw		\$142.00	\$	142.00
Next	250 kw	@	2.35 per kw		587.50

Energy Charge

First	4,000 kwh	@	2.75¢ per kwh		110.00
Next	16,000 kwh	@	1.60¢ per kwh		256.00
Next	80,000 kwh	@	1.20¢ per kwh		960.00

Monthly Bill \$ 2,055.50

Annual Power Cost \$24,666.00

Atlanta (Rate C-8)

Demand Charge

300 kw		@	\$1.10 per kw	\$	330.00
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Energy Charge

First	20,000 kwh	@	1.5 ¢ per kwh	\$	300.00
Next	30,000 kwh	@	1.0 ¢ per kwh		300.00
Next	50,000 kwh	@	.75¢ per kwh		375.00

\$ 1,305.00

Add: Rate Adjustment (2.172%) 28.34

Monthly Bill \$ 1,333.34

Annual Power Cost \$16,000.00

Appendix 7
STATE OF GEORGIA TAXES

Qualification and Registration Fees. A filing fee of \$15 is required of domestic corporations. Foreign corporations pay a flat entrance fee of \$100 (nonrecurring). All corporations pay an annual registration fee of \$5.00.

Income Tax. Net income from property owned or business done in Georgia taxed at 6%. Income is apportioned to Georgia in accordance with the average of the following three ratios:

- a. Wages and salaries paid in Georgia.
Wages and salaries paid everywhere.
- b. Average real and tangible personal property owned or rented and used in Georgia.
Average real and tangible personal property owned or rented and used everywhere.
- c. Gross receipts from business done in Georgia.
Gross receipts from business done everywhere.

Sales and Use Tax. A sales tax of 3% is levied, except on:

- a. Industrial materials which later become part of or which "are coated or impregnated into the product at any stage of its processing, manufacture or conversion."
- b. Materials used for packaging and packing, such as containers, bags, and labels.
- c. Products on which a sales tax of 3% or more has been levied in another state, if that state reciprocates. Credit is allowed for any amount up to 3%.
- d. Capital equipment used in the manufacturing process of a new plant established in the state or if purchased for production expansion, if a substantial increase in production capacity results.

Franchise Tax. A license tax is paid annually by all corporations as follows:

- a. Domestic corporations - tax is based on total net worth.
- b. Foreign corporations - tax determined by the following formula:

$$\text{Tax basis} = \frac{\text{Ga. property} + \text{gross receipts}}{\text{Total property} + \text{gross receipts}} \times \text{net worth}$$

Ad Valorem Tax.

- a. Tangible property: 25¢ per \$1,000 of the assessed value according to local assessment.
- b. Intangible property:
- | | |
|--|--------------------------------|
| money & accounts receivable | 10¢/\$1,000 |
| loans held by brokers | 25¢/\$1,000 |
| bonds & debentures | \$1/\$1,000 |
| stocks in foreign corporations | \$1/\$1,000 |
| if in domestic corporation | 0 |
| short-term notes secured by real estate | 10¢/\$1,000 |
| fee for long-term notes secured by real estate | \$1.50/\$1,000 (Max. \$10,000) |

Other Taxes. Unemployment insurance tax ranges from 0.25% to 2.7%. Taxes also are levied on gasoline, alcoholic beverages, beer, malt syrup, cigars and cigarettes, and motor carriers.

Local Taxes. Details available upon request from county or municipality.